



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

10.00 am, THURSDAY, 21ST MAY, 2026

Location

Virtual Meeting

*** NOTE ***

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

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(DISTRIBUTED 14/05/26)

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

AGENDA

1. ELECT CHAIR

To elect Chair for 2026 / 2027

2. ELECT VICE CHAIR

To elect Vice Chair for 2026 / 2027

3. APOLOGIES

To receive apologies for absence.

4. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

5. URGENT ITEMS

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

6. MINUTES

5 - 25

The Chairman shall propose that the minutes of the meetings of this committee, held on the 15th of January 2026 and the 3rd of February 2026, be signed as a true record.

7. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

26 - 43

To consider the report and offer comments

8. GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2025/26

44 - 63

To consider and accept the report

9. FINAL ACCOUNTS 2025/26- REVENUE OUTTURN

64 - 92

To receive the information, consider any risks arising from the actual expenditure and income against the 2025 / 26 budget.

10. CAPITAL PROGRAMME 2025/26 - END OF YEAR REVIEW (POSITION 31 MARCH 2026)

93 - 107

To receive the information and consider the risks relating to the capital programme

11. GWYNEDD HARBOURS' FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

108 - 116

To submit

- The Revenue Income and Expenditure Account Report for 2025/26
- Statements of accounts return, duly certified, but subject to Audit.

To receive and approve the accounts

12. TREASURY MANAGEMENT QUARTERLY UPDATE 117 - 123

To consider the report for information

13. OUTPUT OF THE INTERNAL AUDIT SECTION 124 - 164

To receive the report that outlines the work of internal audit for the period to 31 March 2026, comment on the contents and support the actions that have already been agreed with the relevant services.

14. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025/2026 165 - 178

To consider and accept the report

15. PROCUREMENT THRESHOLDS AND AMENDMENTS TO THE CONTRACT PROCEDURE RULES 179 - 204

To consider and accept the report

16. AUDIT WALES - CYNGOR GWYNEDD ANNUAL AUDIT SUMMARY 2025 AND DETAILED AUDIT PLAN 2026 205 - 244

To consider the report, offer comments and accept the documents

17. AUDIT WALES - GWE ACCOUNTS 245 - 261

To consider and accept the report

18. AUDIT WALES REPORTS 262 - 384

To consider and accept reports recently published by Audit Wales

- 'The Building Blocks? Capital Planning in Councils in Wales'
- 'Additional Learning Needs – Do public bodies know if the system is working?'

19. SPECIAL AUDIT REPORT UPDATE - DOMICILLARY CARE 385 - 387

To consider the report and accept the update

20. THE COMMITTEE'S FORWARD PROGRAMME 388 - 390

To consider the work programme

GOVERNANCE AND AUDIT COMMITTEE 3 February 2026

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

Councillors: Menna Baines, Elwyn Jones, Edgar Wyn Owen, Geraint Parry, Arwyn Herald Roberts, Richard Glyn Roberts, Huw Rowlands, Ioan Thomas and Elfed Wyn ap Elwyn

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

Officers: Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Luned Fôn (Audit Manager), Delyth Jones-Thomas (Investment Manager), Caren Rees Jones (Group Accountant - Capital and Management), David Lloyd Williams (Group Accountant), Heledd Thomas (Senior Accountant - Resources and Corporate), Nel Povey and Alaw Jones (Cynllun Yfory - Finance and Accounting Professional Trainees), and Lowri Haf Evans (Democracy Services Officer)

Others invited: Councillor Huw Wyn Jones (Cabinet Member for Finance)

Item 11: Dylan Owen (Statutory Director of Social Services) and Gwern ap Rhisiart (Head of Education Department),

Item 12: Arwel Evans (Procurement Manager)

Item 13: Lora Gwawr (Audit Wales), Dewi Wyn Jones (Council Business Support Service Manager) and Colleen Pritchard (Homelessness and Support Manager)

1. APOLOGIES

Apologies were received from Councillors Angela Russell and Meryl Roberts

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

Concern that the Internal Audit Unit does not have sufficient capacity to meet the Council's expectations

DECISION:

- **To receive a report from the Head of Finance Department highlighting the situation and potential risks**
- **Assurance is needed that the work that needs to be carried out by Internal Audit remains of a high standard**

4. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

A report was submitted providing an outline of how the Council's departments had responded to the decisions of the Governance and Audit Committee so that Members could be assured that their decisions were being addressed. It was noted that the report gave Members an

opportunity to consider the decision made with the intention of removing the item / decision when the action had been completed.

The members thanked the officer for the report

RESOLVED

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

5. 2026/27 BUDGET

A report was submitted by the Cabinet Member for Finance, noting that the Council had received a Government grant increase of 4.1% for 2026/27, which equated to an increase worth £10.4m in external funding. It was reported that many factors would create additional spending pressures on the Council's services in 2026/27, with the need to increase spending by £23.3m to meet the pressures on the services' budgets. With pressures in demand for services as well as high inflation, it was noted that there would be a recommendation to increase Council Tax by 5.32% to meet the objective this year, with projections suggesting there would be further pressures when aiming to set a balanced budget for 2027/28.

It was highlighted that the Committee's role was to ensure that the Cabinet and Council were clear about the facts presented to them so that the decision they made was based on sound information.

The Head of Finance Department was invited in his role as statutory finance officer to present the information, express his view and provide details on the robustness of the estimates that formed the basis of the budget, along with the potential risks and mitigation steps.

He highlighted that the Cabinet (meeting on 10/02/26) would recommend that the Full Council (05/03/26) establish a budget of £379,866,050 for 2026/27 to be funded through a Government Grant of £264,009,390 and £115,856,660 in Council Tax income (which was a 5.32% increase) and establish a capital programme of £40,179,430 in 2026/27.

It was explained that Additional Expenditure Requirements had been considered in the budget and attention was drawn to those fields:

- Salary Inflation of £8.3m - an estimated pay agreement increase for 2026/27 of 4% for teachers and 3.4% for the rest of the workforce
- Supplier Inflation of £6,075,390
- Increase in Levies to relevant bodies - £528,810
- Pressures on Services – to recommend approving bids worth £9,910,580 for additional permanent revenue resources submitted by Council departments to meet unavoidable pressures on their services, and £840,010 worth of capital bids
- Reversing the Employer National Insurance Grant 2025/26 - £3,632,950

In the context of savings schemes, reference was made to £320,500 worth of savings schemes which derived from previous savings programmes and had already been approved by the Council to reduce the financial deficit.

It was reported that the remainder of the deficit would have to be met through Council Tax, and consequently, the Cabinet would recommend to the Full Council to raise the tax by 5.32% in order to meet the pressures on services when setting a balanced budget.

Reference was made to the required work that was undertaken to report on the robustness of the estimates on which the budget had been based, and having considered all risks and mitigation steps, the Head of Finance was of the opinion that the Council's Budget for 2026/27 was robust, sufficient and achievable.

The members thanked the officer for the presentation and the staff for their work. It was encouraging to see that the situation was better than what had been estimated as a result of the Welsh Government grant increase.

Observations arising from the ensuing discussion:

- The overspend of departments continued to be a matter of concern
- There was a need to support the County's care provision - using external provision was costly. The Council needed to put internal provision plans in place that would lead to future savings
- List of capital bids - the plan to extend Ysgol y Faenol car park. A request from the Local Member for further details regarding the reasons for the delay (original date 2021) and the costs associated with the slippage
- The Finance Officer's statement – that the budget 'inevitably includes an element of risk from assumptions' ...were there plans in place in the event of a reduction in housing premium collections, but an increase in demand for building houses?
- A suggestion to present Council tax information in monetary value (£) rather than as a percentage (%) only

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

In response to a question relating to the additional funding that Cyngor Gwynedd had received from the Welsh Government and whether it had improved the Council's position in the Authority allocation table, and what difference the funding would have on Gwynedd, it was noted that the allocation method had not changed, and therefore Cyngor Gwynedd remained in position 20 out of 22. It was reiterated that the total rate of the Welsh Government's financial settlement increase to Welsh Authorities was 4.5%, whilst Cyngor Gwynedd received a 4.1% floor. However, the additional funding was beneficial to rural areas, the budgets of departments that were under pressure and to release pressure from having to implement savings for 2026/27.

In response to an observation that Cyngor Gwynedd charged less council tax than nearby Councils and that nearby Councils paid better salaries to staff and whether this, therefore, made Cyngor Gwynedd an expensive authority to run, it was noted that the root of the matter was historical and went back to 1996, when Cyngor Gwynedd was restructured under the Local Government (Wales) Act 1994. At the time, a complex formula / baseline was set for expenditure with many components intertwining individual factors such as population, the nature of population, age, and landscape to name a few.

In the context of the number of Councillors in the County, as well as the number of Lay Members, and why their total salaries did not appear on the budget, it was noted that the sum had been included in the budget, but not in the forward report. It was reiterated that the number of Councillors per Authority was determined by an external body.

In the context of finance allocation to support and develop the economy in Gwynedd and plans to attract work to the County, it was noted that there was a budget to fund the Economy Department's core team, but other financial sources and capital plans were available for expenditure. It was reiterated that the North Wales Corporate Joint Committee also led on the Growth Deal.

In the context of risk and how the risk was calculated when setting the budget, it was noted that the risk situation was flexible and was being regularly monitored, but should there be a small reduction in calculating risk, there would be a potential small saving in years to come.

Concern was highlighted that the reserves fund was reducing and the percentage at the end of this financial year represented approximately 1.3% of the Council's gross revenue expenditure. It was emphasised that the sum in the fund had not fallen, but it had reduced as a percentage of the Council's spending over recent years because no money had been added to it either. It was reiterated that the Council was reviewing the Financial Strategy and intended to implement a harvesting exercise.

In response to a question about the intention to develop / improve Residential Homes provisions in Gwynedd and whether plans were underway to ensure that the buildings were fit for purpose, it was noted that the Council had commissioned Housing LIN Cymru to look into the situation of the County's population needs and a report of the findings would be expected in approximately six weeks.

RESOLVED:

- **To accept the report and note the content**
- **To accept the financial propriety of the proposals and the relevant risks**
- **To submit observations from the discussion to the Cabinet's consideration when discussing and approving the 2026/27 Budget at its meeting on 10/02/26**
- **To thank the Finance Department for their thorough work in preparing the Budget**

- **The overspending situation is worrying**
- **Concern that the reserve is dwindling – a harvesting exercise is welcomed**
- **Development/improvement plans for Residential Homes in Gwynedd - request for the findings of the Housing LIN Cymru inquiry to be submitted to the Committee**

Note:

- List of capital bids - the plan to extend Ysgol y Faenol car park. A request from the Local Member for further details regarding the reasons for the delay (original date 2021) and the costs associated with the slippage
- A suggestion to present Council tax information in monetary value (£) rather than as a percentage (%) only
- The Finance Officer's statement – that the budget 'inevitably includes an element of risk from assumptions' ...were there plans in place in the event of a reduction in housing premium collections, but an increase in demand for building houses?

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

The Strategy was submitted by the Investment Manager. It was noted that the Strategy provided an overview of the Council's Capital and Treasury Management activities for 2026/27, reiterating that Members had been invited to a recent presentation by the financial advisers, Arlingclose, explaining the detail behind the strategy in a comprehensive and easily understood manner.

Reference was made to an overview of capital activities and attention was drawn to the fact that the Council planned capital expenditure of £40.2 million in 26/27, with the main schemes listed in the report, along with the funding sources. It was noted that the main external sources were the Welsh Government and the funds were Cyngor Gwynedd's resources, with the remainder of the funding coming from loans that would be repaid over a number of years, normally from revenue resources or from income from the sale of assets, which was consistent with the actions of previous years. This meant that the indicator - Council's Capital Financing Requirement, would be £189.8 million by the end of the 26/27 financial year, namely the level that the Council's long-term borrowing should remain below.

In the context of the Borrowing Strategy, it had been highlighted recently that there had been no long-term borrowing requirement, only a low-cost, short-term requirement over the end of the financial year; this would continue with no long-term borrowing anticipated for Cyngor Gwynedd activities, and that the Council's debt would remain below the Capital Financing Requirement.

Reference was made to the Liability Benchmark which was now reported to the Committee on a quarterly basis. The Council would expect its borrowing to be higher than the liability benchmark up until 2026 as the Council had a high level of reserves.

In the context of the Investment Strategy, it was noted that the Council's policy was to prioritise security and liquidity over output to ensure that money was available to pay for the Council's services. It was noted that sums were always kept to ensure continuous liquidity.

Reference was made to risk management and governance, together with details of the Council's long-term liabilities e.g., to cover the deficit in the Pension Fund, and the impact of the funding costs on cash flow where the percentage appeared low and fairly consistent with previous years. It was also confirmed that officers had the relevant skills and knowledge, and confirmation that Arlingclose provided a financial advisory service to the Council.

The Committee was requested to accept the report, noting the information and the risks and to support the Cabinet Member for Finance's intention to submit the strategy to the Full Council for approval on 5 March 2026.

The members thanked the officer for the report

RESOLVED:

- **To accept the report and to note the information and relevant risks**
- **To support the Cabinet Member for Finance's intention to submit the Strategy to the Full Council for approval on 5 March 2026**
- **That an encouraging presentation by Arlingclose, the Council's Treasury Management Consultants (30-01-2026) was very beneficial, and gave Members confidence and reassurance that the Council is on the right track**

7. INTERNAL AUDIT OUTPUT

Submitted, for information, a report by the Internal Audit Manager updating the Committee on the Internal Audit work for the period from 29 September 2025 until 25 January 2026. It was highlighted that 21 Reports on audits from the 2025/26 Operational Plan had been completed, with two plans showing a high assurance level, nine showing a satisfactory assurance level and ten showing a limited assurance level. It was reiterated that there were 15 plans in progress on 25 January 2026.

The members thanked the officer for the report

During the ensuing discussion, the following observations were made by Members:

- They accepted that a lack of resources was having an impact on services, but in general, the number of deficiencies, especially in the field of Learning Disabilities Care and Day and Residential Homes, were mistakes in correctly achieving processes.
- Who was responsible for the accountability? Who was the responsible person?
- They felt frustration that there was no clear improvement in managing and maintaining care homes - expectations were not being met

- They accepted the recommendations, but there was a need for assurance that the Internal Audit's observations were being considered. The situation needed further attention.
- Falling Trees Inspection; high-risk trees - was there a need to note 'imposing limited resources' as a reason for not responding? Public safety should be a priority wherever there was risk
- There was a need to continue to monitor the plans

In response to the observations, the Internal Audit Manager noted that the Internal Audit's work was to highlight the risks and attest that arrangements were in place, and the actions were within the Department's ownership. In the field of Care, it was noted that the increasing pressures were acknowledged (lack of resources, salaries, spending of agency payments) and questions were being asked regarding what could be done to mitigate these risks. It was reiterated that the Management Improvement Working Group was a good opportunity to discuss the situation in detail and gain a better understanding. The Corporate Director reiterated that some of the aspects were being implemented and the findings of a recent audit on the Tan y Marian residential care provision from Care Inspectorate Wales (05-09-26) had been very good, and no recommendations had been included in that audit. However, it was accepted that Internal Audit were looking at different things (administrative elements) and assurance was required that a full picture of the situation was being reflected.

In response to a question regarding the use of agency staff, it was noted that agency staff were being used, and although there had been an attempt to avoid using agency staff due to the high cost, the Council had been put in a position of having to do so at times.

RESOLVED

- **To accept the report and support the actions that have already been agreed with the relevant services.**
- **As a result of a lack of improvement in the residential care field in terms of suitable arrangements for the appropriate management of the homes and a lack of compliance with managerial processes, the Committee needs assurance that the observations of Internal Audit are being taken into account. The situation needed further attention.**

8. INTERNAL AUDIT PLAN 2025/26

Submitted, for information, a report from the Audit Manager updating the Committee on the current situation in terms of completing the 2025/26 Internal Audit Plan. Reference was made to the status of the work as well as the time spent on each audit. It was highlighted that 54%, out of the 50 individual audits in the 2025/26 amended plan, that 27 had been released in a finalised version/completed or had been closed.

In accordance with best practice and the Global Internal Audit Standards, it was noted that the Plan was subject to continuous review to ensure that it remained up to date and reflected changes in the business. To this end, it was a requirement that the Audit Plan was flexible, continuously reviewed and updated, and conducting audits would depend on a timely assessment of risks / priorities and any new risks or developments that emerged.

The members thanked the officer for the report

RESOLVED:

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

9. INTERNAL AUDIT CHARTER

In accordance with the requirements of the Global Internal Audit Standards (GIAS), an Internal Audit Charter must be produced with the contents of the Charter addressing the Local Government Action Note and the Code of Practice for Internal Audit Governance in UK Local Government (the Code) provided by CIPFA to support authorities to establish their internal audit arrangements and provide oversight and support for internal audit.

It was explained that the Code noted that the chief executive / internal audit manager was responsible for preparing a charter that complied with GIAS in the UK public sector and the Governance and Audit Committee should be satisfied that it encompassed governance arrangements for internal audit. It was reiterated that the Charter must contain elements that ensured a clearly defined and effective function – a **mandate** that clearly set out the purpose and mission of the internal audit function; that **definitions** of the terms 'board' and 'senior managers', for the purposes of the internal audit function and that the term **Organisational Position** defined an internal audit position within the organisation, ensuring that it had adequate authority and independence which included unlimited access to senior management and the board.

In addition to the training that Committee members had received (28-01-26) which provided an update about their responsibilities as Governance and Audit Committee members, as a result of introducing the Global Internal Audit Standards and the Application Note that came into force in the public sector on 1 April 2025, members were reminded that the Committee's Terms of Reference stated a responsibility to ensure that the charter encompassed governance arrangements for internal audit.

The members thanked the officer for the report

RESOLVED:

- **To accept and approve the contents of the Internal Audit Mandate and Charter, and support Internal Audit in its undertakings.**

10. INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2026/27

An Internal Audit Strategy was submitted, in accordance with the requirements of the Global Internal Audit Standards (GIAS), which was a means of ensuring that the internal audit chief executive developed and implemented the strategy for internal audit functions that supported the organisation's strategic objectives and success. It was explained that the Internal Audit Strategy had been developed to align the key priorities, objectives and strategic risks facing the Council to complement the work of the internal audit function over the next three years. It was considered that this would provide strategic direction for the internal audit function and support the Council in its approach to achieving its key objectives and allocate internal audit resources appropriately.

Along with the Strategy, and again in line with the requirements of the Global Internal Audit Standards (GIAS), an Internal Audit Plan had been submitted which again was a means of ensuring that the audit chief executive created an internal audit plan that supported the achievement of the organisation's objectives. It was explained that the Plan was based on an assessment of the Council's strategies, objectives and corporate risk register and that an annual report would need to be produced, including the annual report on governance, risk management and controls, and internal audit performance against its objectives. (The Code)

For internal audit to remain relevant, it was noted that expectations must be amended to ensure that it continued to be in line with the Council's objectives. It was reiterated that the

Internal Audit Strategy played an important role in achieving a balance between cost and value, making meaningful contributions to the Council's overall governance, risk management, and internal controls.

The members thanked the officer for the report

RESOLVED:

- **To accept and approve the contents of the Internal Audit Strategy and the Internal Audit Plan for 2026/27, to be approved, and support Internal Audit in its undertakings.**

11. ESTYN INSPECTIONS AND CARE INSPECTORATE WALES REPORT

Following a request from the Council for Estyn and Care Inspectorate Wales to conduct a joint inspection to evaluate developments in the Gwynedd Local Authority's safeguarding procedures, a report was submitted to the Committee highlighting the findings of that inspection. It was explained, since the arrest of the former Ysgol Friars headteacher, Neil Foden, in 2023 and later finding him guilty of sex offences in May 2024, the 'Our Bravery Brought Justice' report had been published in response to the opportunities missed to concerns relating to Foden and his interaction with children. The report had been commissioned by the North Wales Child Safeguarding Board and the Council's safeguarding processes and child practice were reviewed.

An Estyn and Care Inspectorate Wales inspection was conducted in November 2025 and, following the inspection, recommendations had been submitted to the Council. It was noted that some of the recommendations had already received attention through the Our Bravery Brought Justice Report response plan (submitted to the Committee on 15-01-26), and that two that had not been included in the plan were being incorporated and receiving further consideration. It was considered that having one action plan was a practical decision. Attention was drawn to one recommendation (4d) which related to the commissioning and monitoring arrangements of service agreements which appeared to be an exception, a strategic element and one that stood on its own, but a response was being prepared for that recommendation.

The members thanked the officer for the report

Observations arising from the ensuing discussion:

- Despite accepting that policies were being reviewed / created from anew, processes were being tightened, and information was being shared better, that these had already been in place and, was it, therefore, a lack of understanding, follow-up, staff failures and accountability that lead to the failures? There was a need to address this.
- Scrutiny Investigation into 'Safeguarding Arrangements in Schools' - why were the outcomes of the investigation not available? Update required
- There was a need to conduct training to give individuals the confidence to raise their voice

In the context of setting a timetable for the work, it was noted that when measures had been met or had reached a certain level of quality, the hope was that many should be closed by April 2026. However, because some matters were culture-related and, for example, that creating new policies took time, it would be difficult to set a schedule with specific dates.

When asking about strengthening safeguarding training for all staff and Governors ensuring that it was fit for purpose, it was noted that the current training was not sufficiently specialist and therefore in response, work had been commissioned to ensure that safeguarding training across services was up-to-date and completed by staff. It was reported that 77% of

the workforce had now completed the training which was a significant increase on previous performance. The mandatory modules to be completed by the workforce were listed and it was reiterated that relevant training modules referred to by the Safeguarding Board for recording conversations had been adopted, as well as sessions sharing information about the Finkelhor Model.

In the context of training for Governors and whether there was training to empower them, ensuring qualifications or skills appropriate to the post, it was noted that this had been considered, and it was agreed that there was a need to strengthen governance arrangements. It was reiterated that governance clerks had advisory skills and received guidance on how to follow procedures, but there was a need to look at the provision. It was noted that there was an intention to implement a structure to ensure consistency in the provision, led by the Education Service. It was highlighted that the Council currently employed one Governor support officer, but there was an intention to employ another one. It was noted that the Education Service had no right to police who were elected Governors and this followed a constitutional procedure.

Disappointment was expressed that there was no reference or acknowledgement from Estyn on the failures of its inspection of the Council's safeguarding arrangements, June 2023 in the report. It was noted that there was a need for transparency, as Estyn was part of the 'history'. The Head of Education noted that he would write to Estyn for an explanation / statement after a termly meeting with them. Despite accepting the observation, it was reported that the Council had no control over the content of the report, but lessons had been learned from the practice review with the Council breaking new ground by inviting Estyn and Care Inspectorate Wales to review and respond jointly - this offered Education and Care expertise. It was reiterated that the review had been a step forward and a change of direction to the way that Authorities were being reviewed.

In response to a question about why there was no reference to the Police in the Report considering the need for collaboration and early intervention, it was noted that there was no explanation about why there was no reference to the Police in the report, but it was reported that there was good collaboration between the Education Service and the Police. It was reiterated that discussions had been held to formalise what was being implemented, with a suggestion to use 'open access' so that the Council had open access through Teams, to the Police, the Probation Service and the Health Service.

RESOLVED

- **To accept the report**
- **To accept that some of the recommendations (1,2,3,4,4b and 4c) correspond to work plans that are already in the response plan to the Our Bravery Brought Justice report**
- **To accept that two of the recommendations (4a and 4d) were not in the response plan but that they have now been included and are receiving appropriate attention**
- **While accepting that the measures that have been met or have reached a certain level of quality will lead to the matter being closed, a specific timetable is needed, although accepting that giving a definite date would prove difficult**
- **Appreciate follow-up/a progress report on the responses to the recommendations**
- **Disappointed again that there was no acknowledgement from Estyn on the failures of their inspection of the Council's safeguarding arrangements, June 2023**

Note: Scrutiny Investigation into Safeguarding Arrangements in Schools - an update needed

12. ARRANGEMENTS FOR THE COMMISSIONING OF SERVICES - CYNGOR GWYNEDD

A report was submitted by the Procurement Manager, highlighting the Audit Wales outcomes to a national audit to try to discover, when commissioning services, whether Cyngor Gwynedd established appropriate arrangements to ensure value for money in terms of the way that it used its resources. It was reported that the audit had been conducted in Gwynedd between December 2024 and February 2025 and in each of the 22 Local Authorities in Wales. Following the audit, two recommendations were submitted to the Council and attention was drawn to the organisation's response form to the relevant actions, as well as a timetable and a responsible officer to complete the work.

The members thanked the officer for the report

In response to a question regarding Gwynedd's situation, and that it was slightly different to other Councils due to the need to ensure a Welsh-medium service and what consideration was given to influencing this, given perhaps that there were fewer providers available, it was noted that the Welsh language had been identified as one of the service's procurement priorities, but this report considered the Council's commissioning arrangements before going out to tender.

RESOLVED

To accept the Council's organisational response to the recommendations within the report

- A1. Establish consistent commissioning arrangements**
- A2. Embedding arrangements across the Council**

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

A report was submitted highlighting the Audit Wales outcomes to a national audit to try to identify opportunities to improve value for money and Councils' methods of responding to the demand for temporary accommodation. It was reported that the audit had been conducted in Gwynedd between September 2024 and April 2025 with key documents because one of the 22 Local Authorities in Wales had been reviewed. Following the audit, three recommendations had been submitted to the Council and attention was drawn to the organisation's response to the relevant actions, as well as a timetable and a responsible officer to complete the work.

The members expressed their thanks for the report which responded to a very challenging situation across the country.

Observations arising from the ensuing discussion

- There was a need for a clear definition of the word 'homeless' and what the criterion was
- They welcomed that Gwynedd tried to purchase and ensure its own space to ensure suitable locations and try to avoid dependence on unsuitable sites
- There was a need to ensure clear communication with the public - conduct public meetings and present plans and invite the Local Member
- There was a need to encourage an easier process within the planning system to be able to use empty shops to create provision
- They welcomed the good work that GISDA was doing in Pwllheli and Caernarfon
- They welcomed the provision that was being proofed for the future - this was essential for temporary plans
- It was very costly to the Council to keep people in bed and breakfasts, and therefore a better way of responding to the situation was needed
- There was a need to break the stigma

In response to a question regarding trying to use the County's empty homes for homelessness, it was noted that there were legal elements regarding property ownership, but work was ongoing to try to establish a pilot that would bring five homes into the Council's ownership by imposing a charging order on the owner as the final step following warnings of enforcement steps. It was reiterated that the Council had engaged with a specialist company to obtain support on the process and if the pilot was successful, the Council would look at releasing five other empty homes to be used. In response to a supplementary question regarding the use of policy for the process, it was noted that a Recovery Policy had been adopted in November 2024 that also highlighted the steps in the process.

In response to a question about the procedure of placing homeless people and consideration about how people were placed, it was noted although it was not possible to share personal information about homeless people, careful consideration was being given to ensure that the location was suitable. It was reiterated that the service would work closely with agencies, and consider the community, before making a decision.

RESOLVED

- **To accept the Audit Wales National Report**
- **To accept the Council's organisational response to the recommendations:**
 - **R1 Value for money**
 - **R2 Planning for prevention**
 - **R3 Partnership working**
- **To welcome the good work being done by the Homelessness Unit**
- **To request a report providing an update on the pilot work being carried out by the Council to release empty houses back into use**
- **To receive an update on the progress of the organisational response plan**

14. THE AUDIT AND GOVERNANCE COMMITTEE'S FORWARD PROGRAMME

A forward programme of items for the Committee's meetings until March 2027 was submitted. It was highlighted that the Committee dates for 2026/27 would be shared once the Committee's Calendar was approved by the Full Council on 5 March 2026.

RESOLVED:

- **To accept the work programme until March 2027**

The meeting started at 13:00 and ended at 17:00.

CHAIR

GOVERNANCE AND AUDIT COMMITTEE 15 January 2026

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

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

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

Officers: Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Luned Fôn (Audit Manager), Caren Rees Jones (Group Accountant - Capital and Management), David Lloyd Williams (Group Accountant), Nel Povey and Alaw Jones (Cynllun Yfory - Finance and Accounting Professional Trainees), Eleri Jones (Senior Executive Officer) and Lowri Haf Evans (Democracy Services Officer)

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

Item 6: Cllr Nia Jeffreys (Council Leader), Cllr Menna Trenholme (Deputy Council Leader / Cabinet Member for Children and Supporting Families), Cllr Dewi Jones (Cabinet Member for Education), Dafydd Gibbard (Chief Executive), Dylan Owen (Statutory Director of Social Services), Iwan Evans (Head of Legal Service and Monitoring Officer), Gwern ap Rhisiart (Head of Education), Alison Halliday (Assistant Head of School Support), Llion Williams (Quality, Safeguarding and Well-being Lead), Ian Jones (Head of Corporate Services), Catrin Love (Assistant Head of Corporate Services), Ffion Mai Jones (Senior Executive Manager) and Lois Owens (Senior Executive Officer)

Item 10: Sian Pugh (Assistant Head of Finance – Sustainability and Developments) and Bleddyn Jones (Taxation Manager)

Item 11: Lora Gwawr (Audit Wales) and Dewi Wyn Jones (Council Business Support Service Manager)

1. APOLOGIES

None to note

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the previous meetings of this committee held on 13 November 2025 as a true record.

5. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

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

The members thanked the officer for the report

RESOLVED

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

Note:

To receive an update on the 5/9/24 items (hold an information session on homelessness) and the 10/10/24 items (update on Emergency Care Audit recommendations; Flow Out of Hospital) by the next meeting

6. RESPONSE PLAN TO THE OUR BRAVERY BROUGHT JUSTICE REPORT

The Leader of the Council, Cllr Nia Jeffreys, thanked the Chair for the invitation to present the Council's response plan to the Our Bravery Brought Justice Report.

As Leader, she sincerely apologised to the victims and all those affected by the horrific crimes of the former Headteacher of Ysgol Friars. The children's voices had not been heard and she made it clear that their experiences and voices were important to her. She reiterated that without action, an apology would be merely empty words, and the greatest tribute that could be given to the courage of the victims was a reassurance and a promise of change; the aim of the plan was to ensure that such failures did not happen again in Gwynedd and that the challenges facing the Council to change systems and the culture were vital to such a serious issue. It was noted that she would appreciate the committee's comments in the context of managing and monitoring the plan's risks; that transparency was necessary and restored confidence among the public.

It was explained that the Response Plan was a live, public document and that the minutes of the Response Plan Programme Board meetings would report on the progress taking place.

She thanked the Committee for its willingness to discuss such a difficult subject, but that its contribution would lead to an improvement in the Council's safeguarding arrangements to ensure that this did not happen again. She expressed that safeguarding and protecting children from harm was everyone's responsibility. She expressed her gratitude for the fantastic collaboration that had taken place to date with Sally Holland (Chair of the Response Plan Programme Board), everyone involved in the Scheme, with fantastic work from several Council Departments involved in the response. While no single Service, Department, political group or individual could achieve this alone, she stressed the need for collaboration across Committees, across Departments and across political divides, so that real and timely progress could be made in this vital area. As a result, the scrutiny process would not only hold the Council to account but would also contribute to shaping a safer future for the children and young people of the County.

She suggested returning to report on the progress of the Plan within 6 months to a year, should the Committee so wish.

The Chief Executive presented the details and functionality of the Response Plan. He highlighted that the original Response Plan had been adopted by the Cabinet (January 2025) and as with any living document, it had evolved since that time. Since the publication of the Our Bravery Brought Justice Report (November 2025) the Plan had been amended to address the themes and recommendations set out in the report. Comments / considerations, from other consultees, from this Governance and Audit Committee meeting, the extraordinary meetings of the Education and Economy Scrutiny Committee and the Care Scrutiny Committee and the Extraordinary Meeting of the Full Council, would be included in the final Response Plan to be formally submitted to the Cabinet in March 2026.

In addressing the priorities of the plan, it was highlighted that in situations where we had to wait for others to act, there were interim arrangements in place. It was reported that there were seven main themes within the Response Plan that aligned with the themes of the report and that each theme was led by a specific officer.

The members expressed their gratitude for the report.

The Chair noted that it was the Committee's duty to consider whether or not the Response Plan was appropriate and just, that the main priorities were being implemented, and to provide advice on dealing with dependencies.

Observations arising from the ensuing discussion:

- The report was lengthy, and verbose at times. Nevertheless, those who had co-ordinated the work were commended for the extensive and professional work
- Welcomed that the Response Plan was being discussed at several forums
- A simple and definite summary/front page of the main action points was needed
- While acknowledging the need to safeguard children in schools, it was a must to safeguard children in all situations
- Work stream 3: Reference to grooming training (3.4) - the need to amend the emphasis of the training / title of the training to include recognition of preventing the fostering of inappropriate relationships.
- Reference to a barrister's report 'Inquiry into the Events of 2019 which has been the subject of press coverage' - needed more context for the independent investigation that was completed and what was the reason not to share the report/conclusions in the appendices? Was the barrister part of the firm providing legal advice to the Council? The narrative of paragraph 2.5 was unclear.
- Welcomed the detail of the Response Plan on what was going to happen but needed to reflect on what had happened. The failures of staff on all levels needed to be disclosed and discussions held with those who were at the root of these failures. Needed to ensure that a process was being followed to understand the context of what went wrong.
- In the context of 'missed opportunities' and 'professional duty', while accepting that specific cases could not be discussed, there was a need for assurance that disciplinary arrangements were in place, a timetable for the disciplinary process and a means of reporting on the action; this was fair to those families who had been affected.
- Welcomed that the plan placed emphasis on whistleblowing and safeguarding arrangements – we needed to be at our best in these areas. While welcoming revisions to the policies, an update was needed on the work, timetable and manner in which they were being adopted
- That processes must be short, precise and effective and that a change of culture should be embedded and not in response to a box ticking practice
- Welcomed the tightening of arrangements with the Police and the Health Board
- That the Committee received regular updates on the actions that had been taken or were being considered as a suitable and appropriate response to the situation

In response to a comment that the effort to look at the system anew may cause excessive change, rather than focusing on ensuring that staff followed policies and processes, and whether this was an organisational failure or the failure of individuals; it was noted that the report recognised the need to change and improve a number of systems and therefore the Council was taking the opportunity to look at all systems. It was reiterated that some systems needed to be better embedded within Council arrangements, but that some of the recommendations required national guidance such as changing policies and procedures, training, behaviours and accountability for action; That the response offered more than a change of process – it set an ambition of culture change.

In response to a comment that there were extensive references to Estyn, although the inspection, undertaken in June 2023, had been flawed and misleading about safeguarding arrangements, and that there was no apparent acknowledgement of those shortcomings in the report, it was agreed that the information could be added to the final report which would be submitted to the Cabinet. The Head of Education elaborated that he would raise the matter with Estyn and highlight that the Governance and Audit Committee needed to receive acknowledgement from Estyn that their review had been misleading. This would restore the public's confidence in future Estyn reports.

It was pointed out that there were sufficient examples of what went wrong but no reasoning as to 'why?' (factors such as Intentional? Unintentional? Laziness? A close relationship? Culture? Shortcomings?) and in response to a further comment that some elements of the failures may be hidden behind processes and systems, and that there was inadequate factual reference to this in the Response Plan, the Chief Executive noted that the Council had a duty to look into this and as more evidence and conclusions emerged, the picture would become clearer. He argued that failures in systems and arrangements highlighted failure, but it was difficult to include the human element.

While there was no price on children's safety, it was noted in response to a question about the costs of the process, that there were costs to investigations and backfilling costs and support for Ysgol Friars – the costs of any further changes would be part of the Council's budgeting process. It was reiterated that the costs of the process had been included on the Council's risk register and in the Council Plan, and although the Welsh Government made a financial contribution, the costs diverted staff time and resources from elsewhere.

In terms of the responsibilities of Governors and the need to reconcile standards, ensure appropriate training to carry out the duties of the post effectively, ensure the suitability of the Chair of Governors for the post and a suggestion to limit Governors' term, the Cabinet Member for Education noted that the Welsh Government was undertaking a review into the concerns about the school governors system, and that the conclusions of the review would be shared in Spring 2026. He reiterated that the system in Wales was outdated and that the purpose of the review was to look at the different responsibilities of Governors. It was also suggested that Community Governors needed to have a more significant role.

In response to a question about the future cost of court proceedings, the Chief Executive stated that he was not aware of any court proceedings at this time, however, if a case or claim was to arise from the situation, the Council had adequate insurance and reserves to cope with the situation. The costs would not affect the Council's revenue budgets. He added that the Council had tiers of insurance for different situations and that each case could be dealt with appropriately.

The Chair thanked everyone for their contributions and the officers for submitting responses.

RESOLVED:

- **To accept the detail of the Response Plan**

- **To thank the Officers for their work and welcome that the Response Plan is being discussed at several forums**
- **A simple and definite summary/front page of the main action points is needed**
- **The Committee shall receive regular updates on the actions taken or being considered as a suitable and appropriate response to the situation**
- **A 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**
 - **reviews to these policies are welcome**
 - **need an update on the work, timetable and manner in which they are adopted**

Note:

Review the last paragraph 2.5 of the Response Plan: 'Investigation into the Events of 2019 that has been the subject of press coverage' – more context is needed about the independent investigation that was completed and what the reason was for the decision not to share the report/findings.

Set out the context for Estyn's commendation of the Council's safeguarding arrangements (June 2023). The wording as it is inappropriate given the failures that later emerged.

7. REVENUE BUDGET 2025/26 – END OF NOVEMBER 2025 REVIEW

A report was submitted by the Cabinet Member for Finance asking the committee to scrutinise the situation and relevant risks in relation to the Council's budgets and its departments. It was explained that the report detailed the latest review of the Council's revenue budget for 2025/26, and the projections towards the end of the financial year. The Committee was asked to scrutinise the information and offer comments before submitting it for Cabinet approval on 20 January 2026.

Following a review at the end of November it was noted that the forecasts suggested an overspend of £6.5 million by Council departments, which was a slight increase from the August forecast and 76% of which was in adults and childcare. It was explained that, following on from a trend in previous years, there was also significant overspend in waste, highways and municipal, but underspending on corporate budgets, which reduced the overspend forecast as a whole to £2.3 million.

Attention was drawn to the main issues:

- **Adults, Health and Well-being Department** - latest projections suggested that with no changes in the actions during the year, there would be a financial deficit of £3m by the end of the year. £3 million's worth of permanent funding had been allocated to the field for 2025/26, but £1 million's worth of savings and cuts had not been achieved to date.

In the context of older people services, an increase had been seen in the demand for older people residential care and an unexpected and unusual increase for residential care due to mental health issues; the pressure on the domiciliary care provision also continued.

- **Children and Families Department** - projected a budget deficit of £1.8 million, with areas such as out-of-county placements and the provision for children with disabilities in the Derwen and Hafan y Sêr services facing pressure.
- **Byw'n Iach** – over the past few years, Byw'n Iach had received annual financial support from the Council that was above the contracted payment of the provider contract, to enable them to sustain their services. It was reported that the financial support continued this year and the forecast of the amount required by the end of the year had increased to £295k.

- Department for Highways, Engineering and YGC - a budget deficit of £492k was forecast, with savings not realised contributing to the situation. There had been a reduction in the amount of work commissioned by external agencies which as a result had a negative impact on the income of the highways service. In the Municipal Unit, it was highlighted that there was a combination of factors, which included additional pressure on the budgets of street cleaning and public toilets cleaning staff; income losses were land maintenance and public toilets issues.
- Environment Department – a budget deficit of £685k was forecast, with the annual trend of overspend in waste collection and recycling continuing and accounting for £617k of the overspend.
- Housing and Property - a trend of substantial pressure on the emergency accommodation service continued, with expenditure projections of £6.6 million in the field this year, compared with £6 million last year. The financial situation included an additional budget of £3m which had been allocated from the council tax premium and an additional one-off budget allocated as a part of the bids process to assist with the added pressures. It was anticipated that the department as a whole would overspend £248k.
- Corporate – £4.2 million underspend on a number of corporate headings which included capital costs, return of budgets and bids and grant receipt; additional tax yields were also seen.

It was highlighted that following the end of the 2024/25 financial year, the income from Council Tax and the Premium arising from the tax on second homes and empty properties had been reviewed. The result was that £2 million associated with the 2024/25 Council Tax Premium was to be transferred from the Financial Strategy Support Fund to the Council Tax Premium Fund.

The members expressed their thanks for the report.

In response to a comment that there was a £0.5 million budget deficit, although the impression had been given that the budget was better, it was noted that this was a reference towards the settlement and that the settlement was 'better' than had been envisaged at the End of August 2025 Review. It was reiterated that when setting a budget for 2026/27 it would be necessary to consider the need beyond inflation in some areas due to the expenditure.

RESOLVED:

- **To accept the report on the end of November 2025 review of the Revenue Budget**
- **To note the latest financial position regarding the budgets of each department / service.**

8. CAPITAL PROGRAMME 2025/26 – END OF NOVEMBER 2025 REVIEW

Submitted - a report by the Cabinet Member for Finance outlining the capital programme (end of November 2025 position) and also approving the relevant funding sources. The Committee was asked to scrutinise the information and offer comments before submitting the report for the Cabinet's approval on 20 January 2025.

Reference was made to a Departmental breakdown of the £152 million capital programme for the 3 years 2025/26 - 2027/28 along with the sources available to fund the net increase of approximately £0.8 million since the position of the last review.

It was elaborated that,

- There were firm plans in place to invest £93.7 million in 2025/26 on capital schemes, with £48.2 million (51%) of it funded through specific grants.
- That an additional £6 million of proposed expenditure had been re-profiled from 2025/26 to 2026/27 and 2027/28.
- The main schemes that had slipped since the original budget included £4.5 million for Schools Schemes (Sustainable Learning Communities and Others), £3.2 million in Levelling-up Fund Schemes, £2.8 million in Vehicle Replacement Schemes, £1.5 million from Economic Boost and Industrial Units Schemes and £1.0 million from Waste and Recycling Schemes

A list of additional grants that the Council had been able to attract since the last review was highlighted which included, £1million – a grant from the UK Department for Environment, Food and Rural Affairs (DEFRA) towards Extended Producer Responsibility (EPR) schemes for packaging; £0.6 million – Transitional Accommodation Capital Programme (TACP) Grant from the Welsh Government; £0.3 million – a grant from the Welsh Government's Brilliant Basics Fund towards the Enjoyment of Our Coast scheme and £0.3 million – a grant from the Sports Council towards synthetic pitches.

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

The report was appreciated by members.

In response to a comment about relevant schemes causing major changes to funding sources, in particular *'Re-profiling the Buy to Let element of the Housing Strategy beyond this three-year Capital Programme to a period of more favourable economic circumstances (Department for Housing and Property)'*, and what was the context of 'more favourable economic circumstances', it was noted that increases in the cost of construction materials and interest rates meant that this particular scheme could not be funded, but that the situation could be revisited in the event of a reduction in costs and interest in the future.

In response to a comment that the 27/27 and 27/28 figures were significantly lower than the 25/26 figures, it was confirmed that this was because no new plans had come forward to date.

In response to a comment that the Football Association of Wales had invested in Football Clubs in the County (e.g., Talysarn, Porthmadog and Tywyn) and whether the money was part of a Sport Wales Grant or a separate grant, it was noted that all grants received separately were included, but if the money was a recent investment, then it would be reported / included later in the year.

RESOLVED

To accept the report and agree on the recommendations for the Cabinet to consider (20-01-26)

9. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES

Submitted - the report of the Cabinet Member for Finance requesting that the Committee noted the position and relevant risks in respect of the Savings Overview, considered the information for the Cabinet's approval (20-01-26) and provided comment as necessary.

In the 2025/26 Budget Report to the Full Council on 6 March 2025, it had been reported that savings of £3.5 million had been profiled for the 2025/26 budget which was a combination of £100k newly approved in 2025 and £3.4 million that had been approved in previous years. Members were reminded that, as had been consistently reported to the Committee, there had been difficulties in realising savings in some areas.

The Assistant Head of Finance reiterated,

- It was noted that 98% of historical savings had been realised, namely £33.8 million of the £34.3 million savings, had now been realised. Detailing the schemes that remained unrealised (worth £590 thousand), the majority of them were in the Adults, Health and Well-being Department.
- Of the new savings schemes worth £15.6 million, 81% of the savings were reported to have already been realised and a further 3% was on track for timely delivery; risks to realising the savings were evident in some areas with the main ones being the Adults, Health and Well-being Department and the Environment Department.

Following an announcement in December 2025 that there was a 4.1% floor for the Local Government financial settlement, meaning there was no urgency for the Council to implement savings for 2026/27, there would be a need to continue to identify savings for subsequent years which was likely to be challenging.

Summing up the picture, it was reported that £47 million of savings had been realised which was 93% of the £50 million required over the period. It was anticipated that a further 1% would be realised by the end of the financial year, but there would be delays and some risks to the delivery of the remaining plans.

The members thanked the officers for the thorough report.

It was accepted that 98% of the 2015/16 - 2025/26 historical savings plans (going back over 10 years) had been realised, but only 81% of the new savings plans 2023/24 to 2025/26 had been realised and 23 schemes had slipped or had risks to their delivery. However, it was suggested that the Central Services considered offering targeted support on schemes that the Departments were unable to realise.

There were risks to the public and to the Council by seeking savings that were not available, particularly if demand for services increased. It was suggested that a thorough risk assessment of the risks of cuts should be carried out on all schemes. In response, the Cabinet Member for Finance expressed that the situation of finding cuts was becoming more difficult and the impacts to the services of the County's residents were more evident. The Head of Finance reiterated that it was difficult to find savings and that alternative arrangements were in place. As the Finance Department reviewed and discussed plans with Departments and concluded that the original plan was not viable, an alternative plan would have to be considered.

In response to a question, whether the situation was having an impact on statutory services and was consequently approaching a situation of having to refuse services, it was noted that, for example, works such as Llechen Lân addressed likely pressures on the services, and adopted a strategic direction and action plan that would alleviate problems for the future. As a result of the research, it was reported that the vast majority of additional funding was being directed to the field of care in recognition of these additional pressures. The Head of Finance was confident that new savings plans would not be introduced and did not anticipate that they would have to cut back on proposals being offered to residents.

In responding to a question about Departments providing an annual overspend forecast and keeping a risk register so that they do not overspend, it was noted that although no specific

business plans were submitted to the Finance Department, the Accounting Unit looked at the staffing situations of Departments and if any change would need to be implemented the relevant Department would have to complete a change of structure form as a means for the Accounting Unit and the Human Resources Unit to ensure that funds were available before approving. It was reiterated that it was the responsibility of the budget holder to ensure that expenditure was within their budget and that a request for more funding would need to be submitted if this was not possible. In response to a supplementary comment that advance planning was a must and ensuring that schemes could be funded, it was noted that grant applications were submitted through the Finance Department and that an accountant would ensure control over resources.

RESOLVED:

- **To accept the report**
- **To note the progress, the position and the relevant risks in the context of the Savings Overview**

Note / Suggestion

Offer targeted support on schemes that Departments are unable to realise

10. COUNCIL TAX REDUCTION POLICY UNDER SECTION 13A(1)(C) OF THE LOCAL GOVERNMENT FINANCE ACT 1992

Submitted - a report by the Cabinet Member for Finance in response to a request from the Committee following a discussion held at the 13 November 2025 committee on Council Tax Collection Rates. The Head of Finance highlighted that the Cabinet had approved the Policy (11.11.25) and in line with Council procedures, it had become operational on 26.11.25. It was stated that Section 13A(1)(c) of the Local Government Finance Act 1992 gave the Council additional discretionary powers to reduce the amount of Council tax payable by individuals or classes of taxpayers.

It was highlighted that the Council used Section 13A of the 1992 Act as a means of introducing local, optional exceptions in very limited cases and prior to the approval of the policy, only Cabinet had the power to make these decisions. Following changes in Legislation and the introduction of a premium, the situation highlighted the need for a policy that would give officers the right to deal with applications for reductions (exceptional circumstances), without going through Cabinet. In addition, operational guidelines had been drawn up, and in line with Cabinet approval, a panel had been set up to consider the applications as a means of achieving consistency in decisions. The panel would consist of the Cabinet Member for Finance, Head of Finance (or Assistant Head) and the Taxation Manager with the Corporate Director and Monitoring Officer invited to observe and advise. It was reiterated that five meetings had been scheduled for 2026 with the flexibility to meet more often if needed. It was reported that the Welsh Government was consulting on the policy, which may lead to the modification of some of the statutory exemptions. It was noted that the Policy would be kept under ongoing review and modified as any legislative changes or updates to the policy were introduced.

The members expressed their thanks for the report

Observations arising from the ensuing discussion:

- It was noted that the plan was a huge step in the right direction.
- That willingness to modify the policy according to circumstances was to be welcomed.
- In the context of an impact assessment, the impact on the Welsh language and families who made a living from tourism needed to be considered – sustainable tourism must be highlighted as a priority.

- Accepted that there would be ongoing reviews to the policy and that the Welsh Government had recently consulted on the Council Tax Premium.
- Accepted that the new policy has been developed with input from the Tax Unit.

In response to a comment that there would be a legal risk of having a premium without a policy, the Head of Finance noted that there was a legal risk whether there was a policy in place or not. He reiterated that all policies were balanced on the basis of fairness and safeguarding risk. Should exceptions arise, or certain cohorts needed to be looked at, such as self-catering accommodation failing to reach the 182-day threshold (under current rules, holiday accommodation must be let for 182 days each year to qualify for business rates. Should the dwelling miss the target, the property would be reclassified as a second home and council tax would be charged on it), and without a planning condition, the panel would be able to consider the disproportionality – of attempting to show a difference that is not fair, reasonable, or expected. It would also have to be considered that if the exemption was granted, the Council would be open to challenge and therefore legal discussions and input from the Monitoring Officer on the panel would be essential.

In response to a supplementary question regarding a permanent exemption, it was noted that this would be possible if in accordance with the policy. As the policy developed over time, should cases arise, or a pattern manifest itself then the policy could be updated.

In response to a question about the closure of historic cases, such as the period prior to applications for holiday accommodation including a relevant planning condition, it was noted that the comment was an important one to consider and that the panel would review the situation.

In response to the need to consider risks associated with the policy and what the situation was before the Cabinet had adopted the policy in November 2025, it was noted that all decisions prior to the adoption of the policy were referred to the Cabinet and as a result of an increase in applications for discounts since the introduction of the premium and changes in legislation, it would be appropriate to establish a policy with guidance for officers to respond to the situation in a fair and safe manner; that the policy reduced risk to the Council. In response to a supplementary question about the Council receiving less income due to the impact of the policy, it was stated realistically that the likely cases were those of real hardship and therefore it was not anticipated that the policy would have an impact on tax income, rather, it was a proactive means of avoiding future costs.

RESOLVED:

- **To accept the report and note the situation and relevant risks**
- **To welcome the Cabinet's decision to approve the Policy**
- **To welcome that the Policy is under ongoing review and can be amended as any legislative changes or changes in circumstances are introduced.**

Note / Suggestion

Reword paragraph 3.3 appendix 2 – Equality Impact Assessment to reinforce the statement 'assists local families to stay in the area and renovate housing'

Add sustainable tourism as a priority area to paragraph 4.5, Cabinet Report

11. AUDIT WALES REPORTS – TEMPORARY ACCOMMODATION, LONG-TERM CRISIS?

The Council's Business Support Service Manager highlighted that a Welsh language version of the Council's response to the audit was not included on the agenda and therefore suggested that the discussion be postponed until the next meeting so that Members had all available information to discuss/consider.

RESOLVED:

Postponed until the 03/02/2026 meeting

12. THE AUDIT AND GOVERNANCE COMMITTEE'S FORWARD PROGRAMME

Submitted - a forward programme of items for the Committee's meetings until October 2026. Members were reminded if they wished to add another item to the forward programme then they could submit such proposals by emailing the Chair or Head of Finance.

RESOLVED:

- **To accept the work programme up to February 2027**

The meeting commenced at 10:00 and concluded at 13:10

CHAIR

Agenda Item 7

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	21 May 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.



Action Sheet

2. Decisions since establishing the new Council (May 2022)

Meeting of 5 September 2024

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
IMPLEMENTING THE DECISIONS OF THE COUNCIL	To accept the contents of the report.	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. 	Council Business Service Support Manager	Replaced by a more recent item following a comment in the January Committee – see the relevant section of the report below – Wales Audit Office Report – Emergency Accommodation.	Delete

Meeting of 10 October 2024

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
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. 	Present an update on the recommendations in 12 months	Statutory Director of Social Services, Head of Adults Department	Superseded by a more recent item following consideration at the Committee on 6 October 2025 – see the relevant section of the report below – Recommendations and Proposals for Improving External Audit Reports.	DELETE

Meeting of 16 January 2025

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
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>Following receipt of support and guidance from CIPFA, a work programme for the response is to be submitted to the Committee by March 2026.</p> <p>Performance reports will be presented to the Scrutiny Committees to demonstrate that the statutory requirements are being addressed.</p>	Head of Finance	Work on this has slipped and it will be prioritised, with the intention of presenting an update to the July 2026 meeting.	No

Meeting of 6 February 2025

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
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. 	Provide a further update to the Committee in 12 months on the progress and success of the work programme	Statutory Director of Social Services, Head of Adults Department, Assisstant Head Business	An updated has been provided - Domiciliary Care Audit Report - Update to the Audit Committee	No

Meeting of 9 October 2025

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
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. 	Receive a progress report from the 'Outflow from the Hospital' Audit, Spring 2026	Statutory Director of Social Services, Head of Adults Department	It was noted that there were no actions or updates to be given on this item.	DELETE

Meeting of 15 January 2026

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
IMPLEMENTING THE COMMITTEE'S DECISIONS	<ul style="list-style-type: none"> Accept the contents of the report 	Receive an update on items 5/9/24 (conduct an information session on the homelessness field) and 10/10/24 (update on the urgent care audit recommendations: hospital discharge flow) by the next meeting	Archwilio Cymru	Replaced by a more recent item that received attention at the 3 February 2026 meeting, Audit Wales Reports – Temporary Accommodation, Long-Term Crisis?	DELETE

<p>PLAN TO RESPOND TO THE JUSTICE REPORT THROUGH OUR COURAGE</p>	<ul style="list-style-type: none"> • Receiving the details of the Response Plan • Thanking the Officers for their work and welcoming that the Response Plan is being discussed in several forums • That a simple and clear summary/front page of the main action points is needed • That the Committee receives regular updates on the steps that have been implemented or are being considered as an appropriate and suitable response to the situation • Request from the Committee that Estyn acknowledges weaknesses in their report on the Council's security arrangements, June 2023 • That the Bell Ringing Arrangements and Safeguarding 	<p>Request to review the final paragraph 2.5 of the Response Plan: 'Investigation into 2019 Events that have been the subject of media attention' – more context is needed about the independent inquiry that was completed and what the decision was regarding not sharing the report/conclusions.</p> <p>Request to provide context to Estyn's praise of the Council's safeguarding arrangements (June 2023). The wording as it stands is inappropriate considering the failings that became apparent later.</p>	<p>Statutory Director of Social Services</p>	<p>The report was considered by the full Council on 5 February 2026. The comments of the Governance and Audit Committee were presented at that meeting.</p>	<p>DELETE</p>
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Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
	<p>Arrangements need to be among the best</p> <ul style="list-style-type: none"> - welcoming reviews of these policies - needing an update on the work, the timetable, and how they are being adopted 				
REVENUE BUDGET 2025/26 – LATE NOVEMBER 2025	<ul style="list-style-type: none"> • Receive the report on the late November 2025 review of the Revenue Budget 	Note the latest financial position regarding the budgets of each department / service	Assistant Head of Finance - Accounting and Pensions	No Further Action	DELETE
CAPITAL PROGRAMME 2025/26 – FINAL REVIEW NOVEMBER 2025	<ul style="list-style-type: none"> • Receive the report and agree on the recommendations for the Cabinet to consider 		Group Accountant - Capital and Control, Assistant Head of Finance - Accounting and Pensions	No Further Action	DELETE

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
SAVINGS OVERVIEW: PROGRESS REPORT ON IMPLEMENTING SAVINGS PLANS	<ul style="list-style-type: none"> • Receive the report • Note the progress, the situation, and the relevant risks in relation to the Savings Overview 	Proposal for targeted support on plans that the Departments cannot implement	Assistant Head of Finance - Accounting and Pensions	This will be under continuous review	DELETE
COUNCIL TAX REDUCTION POLICY UNDER SECTION 13A(1)(C) OF THE LOCAL GOVERNMENT FINANCE ACT 1992	<ul style="list-style-type: none"> • Receive the report noting the situation and the relevant risks • Welcome the Cabinet's decision to approve the Policy <ul style="list-style-type: none"> • Welcome that the Policy is under continuous review and can be adjusted as any legislative changes or changes in circumstances are introduced. 	Rephrase paragraph 3.3 of appendix 2 – Equality Impact Assessment to reinforce the statement Add sustainable tourism as a priority area to paragraph 4.5, Cabinet Report.	Assistant Head of Finance – Sustainability and Developments, Tax Manager	These points will be taken into consideration when reviewing the Policy	No – it needs to be kept until the Policy has been formally reviewed

Meeting of 3 February 2026

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
URGENT MATTERS	Concern that the Internal Audit Unit does not have sufficient capacity to meet the Council's expectations	<ul style="list-style-type: none"> • Receive a report from the Head of Finance highlighting the situation and potential risks. • Need assurance that the work required to be carried out by Internal Audit continues to be of high standard 	Head of Finance	Report ahead of the Committee programme to be presented to the July 2026 meeting	No
IMPLEMENTING THE DECISIONS OF THE 2026/27 BUDGET COMMITTEE	Accept the content of the report		Head of Finance	No further action	DELETE

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
BUDGET 2026/27	<ul style="list-style-type: none"> • Receive the report noting the contents • Accept the financial appropriateness of the proposals and the relevant risks • Present comments from the discussion to the Cabinet for consideration when discussing and approving the 2026/27 Budget at their meeting on 10/02/26 • Thank the Finance Department for the thorough work in preparing the Budget • Overspend situation is concerning • Concern that the reserve fund is decreasing – welcome the harvest exercise • Development/improvement plans for Residential Home provisions in Gwynedd - request that the findings of the Housing LIN Wales inquiry be presented to the Committee 	<p>Capital bids list</p> <ul style="list-style-type: none"> - plan to extend Ysgol y Faenol car park. Application from the Local Member for further details regarding the reasons for the time slippage (original date 2021) and the costs associated with the slippage - Suggestion to present Council tax information in monetary value (£) rather than just as a percentage (%) - Statement from the Finance Officer 'inevitable that the budget includes an element of risk from assumptions' ... are there plans in place in case of a reduction in housing premium collections, but an increase in demand for house building? 	Head of Finance	<p>The budget was submitted to the Cabinet on 10 February, and approved by the Full Council on 5 March.</p> <p>It is premature to submit the Housing LIN Wales report update</p>	No

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
CAPITAL STRATEGY 2026/27 (INCLUDING INVESTMENT AND BORROWING STRATEGY)	<ul style="list-style-type: none"> • Receive the report noting the relevant information and risks • Support the intention of the Cabinet Member for Finance to present the Strategy to Full Council for approval on 5th March 2026 • That a reassuring presentation by Arlingclose, the Council's Treasury Management Advisor (30-01-2026), has been very helpful, and has given confidence and assurance to the Members that the Council is on the right track 		Head of Finance	The Strategy was approved by the Full Council on 5 March 2026.	DELETE

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
INTERNAL AUDIT PRODUCT	<ul style="list-style-type: none"> • Receive the report and support the actions that have already been agreed with the relevant services • As a result of the lack of improvement in the field of residential care in arrangements suitable for properly managing the homes and lack of compliance with control processes, the Committee needs assurance that Internal Audit comments are being considered. The situation requires further attention. 		Audit Manager	The situation regarding residential homes to be reviewed by Internal Audit during the year	No
INTERNAL AUDIT PLAN 2025/26	Accept and acknowledge the contents of the report		Audit Manager	No further action	DELETE
INTERNAL AUDIT CHARTER	Receive and approve the content of the Mandate and the Internal Audit Charter, for approval, and support Internal Audit in its operations.		Audit Manager	No further action	DELETE

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2026/27	Receive and approve the contents of the Internal Audit Strategy and the Internal Audit Plan for 2026/2027, to approve them, and support Internal Audit in its operations.		Audit Manager	No further action	DELETE

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
INSPECTION REPORTS ESTYN AND CARE INSPECTION	<ul style="list-style-type: none"> • Accept the report • Accept that four of the recommendations correspond to work plans that are already in the response plan for the Justice Through Our Courage report • Accept that two of the recommendations were not in the response plan but have now been included and are receiving appropriate attention • Appreciate a follow-up / progress report on the responses to the recommendations • Still disappointed that there was no acknowledgment by Estyn of the deficiencies in their review of the Council's safety arrangements, June 2023 		Statutory Director of Social Services, Head of Education	Update to be presented by the Statutory Director of Social Services at the Meeting in May 2026.	No

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
ARRANGEMENTS FOR COMMISSIONING SERVICES - GWYNEDD COUNCIL	Receive the Council's institutional response to the recommendations within report A1. Establish consistent commissioning arrangements A2. Incorporate arrangements across the Council		Procurement Manager	No further actions	DELETE
WALES AUDIT REPORTS - TEMPORARY ACCOMMODATION, A LONG-TERM EMERGENCY?	<ul style="list-style-type: none"> • Receive the National Audit Office Wales Report • Receive the Council's organisational response to the recommendations; - A1 Value for money - - A2 Planning for Prevention A3 Working in Partnership • Welcome the good work being done by the Homelessness Unit • Request a report providing an update on the pilot work being undertaken by the Council to release empty homes back into use • Receive an update on progress of the organisational response plan 	<ul style="list-style-type: none"> • Request for a report providing an update on the pilot work being carried out by the Council to release empty homes back into use • Receive an update on the progress of the organisational response plan 	Homelessness and Support Manager, Assistant Head Business	No update to present in the May, 2026 meeting.	No

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Delete from the Action Sheet:
PROGRAMME FRONT OF THE COMMITTEE	Accept the work program until March 2027		Head of Finance	No further action	DELETE

3. RECOMMENDATION

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

**ANNUAL REPORT
GOVERNANCE AND AUDIT COMMITTEE
CYNGOR GWYNEDD
2025–26**

FOREWORD BY THE CHAIR

The purpose of this report is to present a summary of the work of the Governance and Audit Committee during 2025/26, and to provide possible evidence of the impact of the Committee's work on Cyngor Gwynedd's governance, risk management, and accountability arrangements.

It is a privilege to present another annual report on behalf of the Committee. While the report meets statutory requirements, I hope that it goes beyond being a mere "tick-box" exercise and instead provides the reader with a clear and honest picture of the Committee's role, and the difference that a strong Governance and Audit Committee can make in improving the Council's arrangements and strengthening public confidence.

Like all local authorities and public bodies, Cyngor Gwynedd continues to face significant challenges. During 2025/26, there has been ongoing pressure on the budgets of statutory services, particularly in the care sector, together with wider uncertainty regarding the national funding situation. Within this challenging context, I believe that the Council's governance arrangements, which are subject to ongoing scrutiny by the Governance and Audit Committee, have continued to demonstrate resilience. The Committee has provided appropriate challenge where required, while also offering constructive support to the Executive and senior management as they make difficult decisions on behalf of the people of Gwynedd

These financial pressures have meant that the Committee's role in financial scrutiny has been particularly central during the year. I am pleased that the Committee has continued to play a leading role in scrutinising the budget, monitoring overspends, challenging the use of reserves, and assessing risks to the Council's financial sustainability in the medium and long term, always with the interests of the taxpayer in mind.

I would like to sincerely thank all officers, elected Members, and lay Members for their commitment and contribution throughout the year. This work relies on effective collaboration and open, constructive working relationships. 2025/26 has been a year of strengthening and stabilising the Committee's membership, and I welcome the valuable contributions of both existing and new Members.

This report relates to the period between May 2025 and May 2026. In closing my foreword, I would also like to acknowledge that the year followed a period of significant loss for the Committee. The deaths of the late Sharon Warnes and Councillor Rob Triggs in the previous year remained very much in the Committee's thoughts. Their contribution to the Committee's work was considerable, and their dedication to public service continues to inspire us as we carry on our work.

Mrs Carys Edwards

Chair of the Governance and Audit Committee

INTRODUCTION

1. The Governance and Audit Committee plays an ongoing key role in ensuring effective arrangements for good governance. The Committee's main purpose is to provide independent assurance regarding the adequacy and effectiveness of the risk management framework and associated control environments; to undertake independent scrutiny of the authority's financial and non-financial performance insofar as it affects its exposure to risk or may undermine the control environment; and to oversee arrangements for the financial reporting process.
2. In carrying out its functions, the Committee considers and gives due regard to guidance and standards issued by various relevant external bodies and organisations, including CIPFA.
3. According to the CIPFA Position Statement on Audit Committees in Local Authorities and Police (2022), the purpose of the Governance and Audit Committee is:

To provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee's role ensures that there is sufficient assurance regarding risk and governance control, thereby increasing confidence among all those responsible for governance that these arrangements are effective.

REPORTING PERIOD

4. This report covers the work of the Committee for the period between the Council's annual meeting on 22 May 2025 and the annual meeting on 1 May 2026. Six Committee meetings were held during the period under review:
 - [22 May 2025](#)
 - [11 September 2025](#)
 - [9 October 2025](#)
 - [13 November 2025](#)
 - [15 January 2026](#)
 - [3 February 2026](#)

COMMITTEE MEMBERSHIP

5. The Governance and Audit Committee consists of 12 Councillors appointed on the basis of political balance, together with six "lay members" (non-local authority members). However, several vacancies existed on the Committee during the year.
6. The attendance of members at the meetings was as follows:

Chair (Lay Member)

	22/05/2025	11/09/2025	09/10/2025	13/11/2025	15/01/2026	03/02/2026
Carys Edwards	x	✓	✓	x	✓	✓

Vice-Chair (Lay Member)

	22/05/2025	11/09/2025	09/10/2025	13/11/2025	15/01/2026	03/02/2026
Rhys Parry	x	✓	✓	✓	✓	✓

Councillors

	22/05/2025	11/09/2025	09/10/2025	13/11/2025	15/01/2026	03/02/2026
Cllr. Elfed Wyn ap Elwyn	✓	✓	✓	x	✓	✓
Cllr. Menna Baines	x	✓	✓	x	✓	✓
Cllr. Meryl Roberts	✓	x	x	✓	✓	x
Cllr. Huw Rowlands	✓	x	✓	✓	✓	✓
Cllr. Elwyn Jones	✓	✓	✓	✓	✓	✓
Cllr. Edgar Owen	✓	✓	✓	✓	✓	✓
Cllr. Arwyn Herald Roberts	✓	✓	x	✓	✓	✓
Cllr. Richard Glyn Roberts	x	x	✓	✓	✓	x
Cllr. Angela Russell	✓	✓	✓	✓	✓	x
Cllr. Rob Triggs ¹	x					
Cllr. Dafydd Meurig	x	✓	x	x		
Cllr. Ioan Thomas	✓	✓	✓	✓	✓	✓
Cllr. Wendy Cleaver			x	x	x	x
Cllr. Geraint Wyn Parry					✓	✓

¹ Cllr Rob Triggs passed away in May, 2025

Lay Membership

	22/05/2025	11/09/2025	09/10/2025	13/11/2025	15/01/2026	03/02/2026
Hywel Eifion Jones	✓	✓	x	✓	✓	✓
Dr Peter Barnes ²		✓	✓	✓	✓	✓
Dewi E Lewis ²		✓	✓	✓	✓	✓
Paul Millar Mills ²		✓	✓	✓	✓	✓

² Appointed on 3 July 2025.

FUNCTIONS OF THE COMMITTEE

7. In accordance with Part 6, Chapter 2 of the Local Government (Wales) Measure 2011, Cyngor Gwynedd must establish a Governance and Audit Committee with certain mandatory functions, and it may also undertake other appropriate functions.
8. The Council's Constitution defines the Committee's functions as follows:

Functions that cannot be delegated to the Executive

The duty to approve the authority's statement of accounts, income and expenditure, and balance sheet (or receipts and payments account where applicable), in accordance with the Accounts and Audit (Wales) Regulations 2014.

Mandatory functions under the Local Government (Wales) Measure 2011

The Committee is responsible for carrying out the following statutory functions under Section 81 of the Local Government (Wales) Measure 2011 (as amended):

- (a) to review and scrutinise the authority's financial affairs,
- (b) to make reports and recommendations in relation to the authority's financial affairs,
- (c) to review and assess the authority's arrangements for risk management, internal control, performance assessment and corporate governance,
- (d) to make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
- (e) to review and assess the authority's ability to deal with complaints effectively,
- (f) to make reports and recommendations in relation to the authority's ability to deal with complaints effectively,
- (g) to oversee the authority's internal and external audit arrangements, and
- (h) to review the financial statements prepared by the authority.

(i) to exercise the functions of a Governance and Audit Committee under Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance of principal councils and their governance).

Other Functions

The Committee will also be responsible for carrying out the following functions:

(i) promoting internal control by establishing a programme for reviewing controls, developing a culture that militates against fraud, and reviewing financial procedures;

(ii) focusing the Council's audit resources by agreeing audit plans and monitoring audit provision;

(iii) monitoring audit performance by ensuring officers' work is completed within agreed timescales, ensuring that audit reports are issued promptly and responded to in a timely manner, monitoring completion of the accounts, and ensuring that audit recommendations are implemented;

(iv) considering comments and concerns about individual services at county level, based on reports from Council officers or Audit Wales, and monitoring the response to and implementation of recommendations or findings arising from those reports.

WORK OF THE COMMITTEE DURING 2025/26

Reviewing and approving the financial statements prepared by the authority

9. At its meeting on 22 May 2025, the Committee approved the final accounts of Gwynedd Harbours for the year ended 31 March 2025, which covered the 2024/25 Revenue Income and Expenditure Account as well as the Annual Return for the year ended 31 March 2025 (subject to audit by Audit Wales).
10. The draft Statement of Accounts of Cyngor Gwynedd for 2024/25, subject to audit, was presented to the Committee at its meeting on 11 September 2025. There is no statutory requirement for elected Members to approve the draft version of the Statement of Accounts. However, presenting the draft statement to the Governance and Audit Committee for information is regarded as good practice, and provides an opportunity for Members to question finance officers on the content and to equip themselves with relevant information in order to consider relevant risks, and other matters that will be subject to audit, in context. During the discussion, the Committee challenged Finance officers on various aspects of the accounts, particularly in relation to the position on service overspends, the sustainability of reserves, and the robustness of the financial arrangements.
11. The Final Accounts for the year ended 31 March 2025, together with the relevant audit, were presented to the Committee at its meeting on 13 November 2025. After considering Audit Wales's report on the accounts (the "ISA 260" report), the Committee resolved to:
 - Receive and approve the 'ISA 260' report from Audit Wales for Cyngor Gwynedd
 - Receive and approve the 2024/25 Statement of Accounts (post-audit)
 - Authorise the Chair or Vice-Chair of the Committee, together with the Head of Finance Service, to certify the Letter of Representation electronically
 - Congratulate officers on their work in securing an unqualified audit conclusion
 - Thank Audit Wales for their cooperation and professional support

Reviewing and scrutinising the authority's financial affairs, and making reports and recommendations

Medium Term Financial Plan

12. A report by the Cabinet Member for Finance on the Medium-Term Financial Plan was presented to the Committee on 9 October 2025, in response to the ongoing financial challenges facing the Council. The purpose of the Plan is to set out projections for the Council's financial position over the next three financial years, presenting key assumptions together with proposals to address the significant financial gap facing the Council. It was highlighted that the Plan is a live document that is updated regularly as new information becomes available, and that any changes are presented to the Cabinet for consideration.
13. It was reported that the Cabinet had decided to continue to commission the Chief Executive to lead on a series of measures and workstreams in order to prepare to address the significant financial gap over the coming years. This work included considering options for funding services, identifying opportunities for savings and efficiencies, and providing a clearer picture

of the Council's medium-term financial sustainability, in order to support strategic decision-making during a challenging financial period.

14. After challenging officers and the Cabinet Member on the content of the Plan, particularly in relation to funding assumptions, the level of financial risks, and the implications for statutory services, the Committee resolved to accept the report, note the relevant risks arising from the Medium Term Financial Plan, and support the governance arrangements and the approach adopted by the Cabinet.

Revenue Expenditure

15. The Committee received regular reports on the authority's financial position during 2025/26. A Revenue Outturn report on the 2024/25 Final Accounts was presented to a meeting of the Committee on 22 May 2025 to enable the Committee to receive information, consider any risks arising from actual expenditure and income against the 2024/25 budget, and scrutinise Cabinet decisions in relation to the management of the Council's and its departments' budgets. The report detailed the Council's expenditure in 2024/25, the outturn position of underspend or overspend in individual departments, and the reasons for this. Thanks were expressed for the report and it was acknowledged that the period had been very challenging for services. A wide-ranging discussion took place in which particular concern was expressed about the continued level of overspending in statutory services, especially in the field of care, and the long-term implications for the Council's financial sustainability. The Committee noted that receiving ongoing reports on the situation was beneficial, but concern was expressed that there was a significant risk of the overspend worsening in the medium to longer term, particularly as a result of demographic pressures and increasing demand.
16. In addition to considering the outturn position at the end of the financial year, formal reviews of the revenue budget position were carried out during 2025/26, including a review at the end of August 2025 and a review at the end of November 2025. These reports were presented to the Committee at the relevant meetings to outline the latest position, the relevant financial risks, and the projections to the end of the year. On these occasions, the Committee resolved to accept the reports, note the position and the risks in relation to the Council's and its departments' budgets, and the Committee concurred with the recommendations presented by the Cabinet for addressing the forecast overspend by the end of the financial year, emphasising the need for ongoing monitoring and realistic mitigation measures.
17. Among the issues raised during these discussions was the need for the Cabinet to continue to challenge the timetable and progress of the work commissioned by the Chief Executive in order to gain a better understanding of the ongoing and exceptional overspend in the Adults, Health and Wellbeing Department. The Committee highlighted the importance of ensuring that this work is in place and sufficiently robust to support the setting of realistic budgets by the Cabinet. During 2025/26, the Statutory Director of Social Services and the Head of the Adults, Health and Wellbeing Department attended Committee meetings to provide further context and explanation on the main budget headings, detailing the significant financial pressures facing the service and the steps in place to mitigate those risks.

18. It was also noted that the continued use of reserves remains a concern for the Committee. It was emphasised that, while reserves play an important role in managing short-term pressures and responding to exceptional situations, it is necessary to ensure that any use of them is appropriate, targeted, and focused on addressing a specific need, rather than masking long-term structural problems within service budgets.

Capital Programme

19. On 22 May 2025, the Year-End Review (position as of 31 March 2025) of the 2024/25 Capital Programme was presented to the Committee. The main purpose of the report was to present the revised capital programme at the end of the financial year, together with the approval of the relevant funding sources. The Committee resolved to accept the report, noting the position and the risks in relation to the Council's Capital Programme, particularly in respect of timetable slippages, reliance on external grants, and the sustainability of the programme in the medium term.
20. Reports on the end of August 2025 review of the Capital Programme were presented to the Committee on 9 October 2025, and the end of November 2025 review to the meeting on 15 January 2026, in order to receive up-to-date information, consider the risks associated with the Capital Programme, and scrutinise Cabinet decisions. On these occasions, the Committee resolved to accept the reports, noting the position and supporting the governance arrangements for managing and monitoring the Council's capital expenditure.

Savings Programme

21. Alongside the review of the revenue budget position, the Committee also received specific reports during 2025/26 on the Council's ability to deliver its savings plans. Progress reports on the delivery of savings plans were presented to the Committee at meetings on 9 October 2025 and 15 January 2026, to enable the Committee to consider the progress made, identify general risks arising from any slippages, and scrutinise Cabinet decisions in relation to the Savings Overview.
22. The Committee suggested continuing to develop clearer and more useful ways of presenting information on savings, emphasising the value of clearly distinguishing between the historical position and the latest position, in order to identify risks to the current situation more effectively. The Committee recognised that most of the "easier" savings had already been achieved, and therefore that the savings still to be delivered in the near future would be more challenging. As a result, the need to ensure realistic implementation timescales was highlighted, as well as ensuring that departments have the opportunity to plan more strategically for the medium and long term. Despite these challenges, it was acknowledged that the information presented was detailed and set out in a clear and understandable manner, assisting the Committee in its governance role.
23. Due to the significant financial gap that the Council continues to face over the coming years, it was necessary to develop further savings plans for the 2026/27 financial year onwards. A report by the Leader of the Council was presented to a meeting of the Committee on 3 February 2026, setting out a range of proposed savings to support the setting of a balanced budget for the next financial year. The Committee was asked to consider the appropriateness

of the process for identifying the savings, and to submit comments for the Cabinet to consider before reaching a decision at its meeting on 10 February 2026. The Committee was clear that its role was not to express a view on the scale of the savings or the merits of individual proposals, but rather to ensure that the Cabinet was clear on the facts, risks, and implications associated with the proposals, so that any decision would be based on sound information. The Committee resolved:

- Those reasonable steps, in challenging financial circumstances, had been taken to develop the Savings Plan
 - That the proposed savings were reasonable and, overall, achievable
 - That the risks and implications arising from the decisions were clear
 - That the report was sufficient to enable the Cabinet to make an informed decision
 - To submit the comments from the discussion to the Cabinet for consideration when discussing and approving the Savings Plan at its meeting on 10 February 2026
 - To welcome the opportunity to attend information-sharing workshops as part of the scrutiny process
24. In addition, the Committee asked the Cabinet to consider reviewing public consultation arrangements in the future, to provide residents with an opportunity to express views on tax levels and the financial pressures facing the Council, as well as encouraging further efforts to rationalise services and identify additional opportunities for efficiency, where appropriate.

Treasury Management

25. In line with good governance arrangements and statutory requirements, the Committee received regular updates on the Council's Treasury Management activities during 2025/26. Following a quarterly update on 22 May 2025, a report was presented to the Committee meeting on 11 September 2025 on the actual Treasury Management results for 2024/25, against the Treasury Management Strategy approved by the Full Council in March 2024. Subsequently, a quarterly Treasury Management update was presented to the Committee at the meeting on 9 October 2025, together with a mid-year Treasury Management review for 2025/26 at the meeting on 13 November 2025. The purpose of these reports was to update the Committee on the Council's actual Treasury Management activity during the current financial year, and to provide assurance that arrangements continue to comply with the CIPFA Code of Practice.

Budget Setting

26. As the end of the 2025/26 financial year approached, the Committee considered a report on the 2026/27 Budget at its meeting on 3 February 2026, in order to scrutinise the information before the Cabinet recommended the 2026/27 budget to the Full Council. The Committee's role in this context was to scrutinise the information presented, ensuring that the Cabinet and the Full Council were clear on the facts, the financial assumptions, and the associated risks, so that any decision would be based on sound information. To support this work, Elected Members and Lay Members of the Committee were given the opportunity to attend a briefing

session on the financial position by the Chief Executive and the Head of Finance towards the end of January 2026.

27. Having considered the report and its appendices, the Committee resolved to accept the report, note its contents, accept the financial robustness of the proposals and the relevant risks, and submit comments from the discussion for the Cabinet to consider when discussing and approving the 2026/27 Budget at its meeting on 10 February 2026.
28. Also at the meeting on 3 February 2026, the Committee considered the 2026/27 Capital Strategy (including the Investment and Borrowing Strategies), in order to identify and consider any risks arising from the strategy before its submission to the Full Council. It was noted that the presentation received by Committee members from Arlingclose, the Council’s Treasury Management advisers, was extremely useful in supporting Members’ understanding of the strategy. The Committee resolved to accept the report, note the information and the relevant risks, and support the intention of the Cabinet Member for Finance to present the Capital Strategy to the Full Council for approval in March 2026.

Promoting Internal Control; Reviewing and Assessing the Authority’s Arrangements for Risk Management, Internal Control, Performance Assessment and Corporate Governance, and Producing Reports and Making Recommendations

Internal Audit Reports

29. The purpose of the Council’s Internal Audit Service is “to provide assurance to the citizen and the Council regarding the Council’s control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee.”
30. Internal audit reports are therefore an important tool to enable the Committee to fulfil its function of reviewing and assessing the authority’s arrangements for risk management and internal control.
31. The majority of Internal Audit reports assign the outcome of the work to one of four assurance levels, as shown in the table below:

ASSURANCE LEVEL	HIGH	It is possible to provide assurance of appropriateness as the internal controls in place can be relied upon to achieve objectives.
	ADEQUATE	Controls are in place to achieve objectives, but there are aspects where arrangements could be strengthened to further mitigate risks.
	LIMITED	Although controls are in place, compliance with those controls needs to be improved and/or new controls

		introduced to reduce the risks to which the service is exposed.
	NO ASSURANCE	The controls in place are considered inadequate, with a failure to achieve objectives.

32. The Head of Internal Audit’s Annual Report for 2024/25 was presented to the Committee meeting on 22 May 2025. Based on the Internal Audit work completed during 2024/25, the Audit Manager was of the opinion that Cyngor Gwynedd’s internal control framework operated at a reasonable assurance level in terms of the adequacy and overall effectiveness of the Authority’s governance arrangements, risk management and internal control.
33. The Committee received regular updates on Internal Audit work during 2025/26. A report was presented to the Committee on 11 September 2025, providing an update on Internal Audit work for the early part of the financial year. It was highlighted that a significant number of audits had been completed under the 2025/26 Operational Plan, with the results showing a mixture of assurance levels.
34. A further report was presented to the Committee on 9 October 2025 updating Members on Internal Audit work up to the end of September 2025. It was noted that good progress had been made in completing audits, with some receiving “high assurance” and “adequate assurance” ratings, but also a number of cases where “limited assurance” was identified, particularly in sensitive service areas such as residential care and support services.
35. An additional report was presented to the Committee meeting on 3 February 2026, covering Internal Audit work up to 25 January 2026. It was highlighted that a significant number of audits within the 2025/26 operational plan had been completed, with the results reflecting ongoing challenges in compliance with processes, rather than an absence of formal control arrangements.
36. All these reports were given detailed consideration by the Committee. Where a limited assurance level was identified, requests were made for follow-up information, further clarification, and appropriate implementation timescales, in order to enable the Committee to fulfil its governance duties and ensure that appropriate improvement actions were being taken by the relevant departments.
37. The Committee resolved to accept the contents of the Internal Audit reports, note the information presented, and emphasise the need for measurable progress in areas where continuing weaknesses were identified. Attention was drawn to the value of referring specific issues to the Controls Improvement Working Group where appropriate.
38. During the meeting on 3 February 2026, a detailed discussion was held on the position of residential care services, with input from relevant officers, including the Head of Service and Corporate Directors. Among the issues raised by Members were:
- The need to ensure adequate budgets and better control over expenditure.
 - Concerns regarding administrative weaknesses and management compliance issues within some provisions.

- The need for reliable management data to monitor performance and expenditure.
 - Ensuring that improvement success is measured and visible over time.
 - The requirement for clear follow-up reports on progress and outcomes.
39. It was resolved to accept and note the progress to date, support the actions agreed by the relevant services, and confirm the need for a further update during the following year to provide assurance that improvements are being embedded and that the risks identified by Internal Audit are being effectively mitigated.

External Auditors' Reports

40. A review of the Scheme of Delegation was presented to the Committee at its meeting on 11 September 2025, with the aim of considering and supporting proposed amendments to delegation arrangements to officers in relation to property acquisition and disposal. The Committee discussed the proposed changes, considering the governance implications and the need for an appropriate balance between operational flexibility and oversight arrangements. The Committee was content to support the amendments and agreed to recommend them to the Full Council for approval, noting that the changes would strengthen clarity and compliance within the Scheme of Delegation.
41. On 22 May 2025, Audit Wales presented reports to the Committee as part of its external audit work. These reports included national reports relating to the effective use of resources and governance arrangements, as well as reports specific to Cyngor Gwynedd. Management responses were presented outlining the actions the Council intended to take in response to the recommendations, and the Committee was satisfied with the content of these responses.
42. An update on the National Fraud Initiative 2024–25 was presented to the Committee at its meeting on 13 November 2025, outlining the scope of the exercise and the arrangements in place to identify and prevent fraud. The Committee considered the information presented, provided comments on the approach and initial findings, and was content to accept the report. It was noted that the Initiative played an important role in strengthening governance arrangements, financial management, and assurance within the Council, and the Committee agreed to maintain appropriate oversight of any follow-up actions arising from the work.
43. During 2025/26, the Governance and Audit Committee considered a number of matters relating to Council Tax as part of its assurance role over the Council's financial management and revenue. At the meeting on 13 November 2025, a report on Council Tax Collection Rates was presented, providing an overview of the current performance of collection arrangements and the factors influencing them. The Committee considered the report, noting the relevant challenges and risks, and provided comments where appropriate, highlighting its support for the operational arrangements and the actions in place by the department.
44. In addition, at the Committee meeting on 15 January 2026, the Council Tax Reduction Policy under Section 13A(1)(c) of the Local Government Finance Act 1992 was presented, providing an overview of the current position and the associated risks arising from the Policy. The Committee considered the decision made by the Cabinet, discussing the financial and

governance implications, and noted the appropriateness of the arrangements, providing appropriate oversight as part of its assurance role in relation to the Council's budgetary decisions.

45. The findings of the Information Commissioner's Office (ICO) audit of the Council's arrangements for responding to requests under the Freedom of Information Act 2000 and the Environmental Information Regulations were presented to the Committee at its meeting on 22 May 2025, providing an overview of the findings and areas for improvement. The Committee considered the report, noting the governance implications and the need for robust arrangements to ensure compliance with statutory requirements. The Committee was satisfied to accept the report and recognised the importance of implementing appropriate actions to strengthen the Council's response arrangements, transparency, and information management.
46. During the year, the Committee also received specific reports from Audit Wales in relation to the Council's discharge of its statutory duties and governance arrangements, including reports examining how the Council plans and assesses the sustainability of its activities and strategic priorities. The Committee considered the reports alongside the organisational responses, and it was noted that the proposed actions were appropriate and aligned with the Council's priorities.
47. On 11 September 2025, a report on relevant external inspections, including inspections of specific services, was presented to the Committee. The Committee resolved to accept the report on the inspection findings and recommendations, noting the positive work carried out by the relevant services. Where appropriate, it was suggested that the data presented in future be further developed to strengthen the performance evidence, including consideration of areas such as Welsh-language provision.
48. Further reports from Audit Wales were presented to the Committee during 2025/26 relating to care, partnership working, and health and social services, including joint work at a regional level. It was noted that the Council plays an active role in regional arrangements and that many of the findings align with Cyngor Gwynedd's corporate priorities. The Committee resolved to accept the contents of the reports and requested further updates on progress against recommendations where appropriate.
49. At the Governance and Audit Committee meeting on 3 February 2026, the Committee considered the issue of capacity and quality within Internal Audit as part of its role in providing independent assurance. Concerns were raised regarding the Internal Audit Unit's ability to meet the Council's expectations, and a report by the Head of Finance outlining the situation and potential risks was considered. The Committee emphasised the need to ensure that Internal Audit work continues to be of a high standard and agreed to keep the situation under continuous review to ensure that the Council's governance and risk management arrangements remain robust.
50. At the meeting on 15 January 2026, the Committee considered Audit Wales reports on financial sustainability, including national and local reports assessing local authorities' ability to respond to medium- and long-term financial pressures. The Council's response to the

recommendations, including an action plan, was presented. During the discussion, it was noted, among other matters:

- The need to further develop the action plan over time, recognising that the initial steps were the beginning of the process.
- The possibility of piloting new budgeting approaches, such as zero-based budgeting, to support service transformation.
- That the reports considered the broader strategic picture of local government financial sustainability.
- That the position on the Council's reserves was accepted, but that they should be used for specific purposes and not to mask structural problems.

51. The Committee resolved to accept the national and local reports and to note the Council's response to the recommendations presented, emphasising the need to monitor progress and ensure that actions are implemented effectively.

52. At the meeting on 15 January 2026, the Committee considered the Response Plan to the report "Justice Through Our Courage". The Committee scrutinised the proposed arrangements for responding to the findings and recommendations of the report, considering the governance, accountability, and equality implications. Assurance was provided that appropriate actions had been identified, with monitoring mechanisms in place, and the Committee agreed to maintain ongoing oversight of the implementation of the response plan as part of its independent assurance role.

53. An Annual Audit Summary was presented to the Committee during 2025/26, outlining the work completed by Audit Wales since the previous Annual Audit Summary. It was noted that this summary formed part of the statutory duties of the Auditor General for Wales, and the Committee was satisfied that the report provided a clear and useful overview of external audit work relevant to Cyngor Gwynedd.

54. The Audit Wales report "Temporary accommodation – a long-term crisis?" was presented to the Committee at the meeting on 3 February 2026, providing an overview of findings and the increasing challenges facing local authorities in relation to temporary accommodation provision. It was noted that the report formed part of Audit Wales' national audit work, and the Committee recognised its relevance to the Council's governance and risk management arrangements. The Committee was satisfied that the report highlighted important long-term financial and strategic implications and noted the importance of maintaining appropriate oversight of the Council's response to the issues identified.

55. At the meeting on 15 January 2026, a report on inspections by Estyn and Care Inspectorate Wales was presented, providing an overview of recent inspection findings and their implications for Council services. It was noted that the report supported the Committee's assurance role by highlighting areas of strength and areas for improvement, and the Committee was satisfied that the information presented was relevant and useful in informing governance and oversight arrangements. The Committee accepted the report, noting the findings and the appropriate actions identified in response to the inspections.

Annual Governance Statement

56. One of the annual responsibilities of the Governance and Audit Committee is to review and approve the draft Annual Governance Statement. Although the Statement is not part of the formal accounts, it is a statutory document that must be published alongside the accounts. In accordance with the Accounts and Audit (Wales) Regulations and the CIPFA Code of Practice, every Local Authority must ensure that an appropriate statement on internal control is in place. The Chief Executive and the Leader of the Council sign the Statement, but it requires approval by the Governance and Audit Committee, which has a key role in challenging and verifying its content.
57. Cyngor Gwynedd's Annual Governance Statement for 2024/25 was presented to the Committee on 11 September 2025. The Committee considered and challenged the content of the Statement, making observations on specific risk levels and scores, particularly in areas that continued to be identified as high or medium risks. Following the discussion, and after considering the explanations provided by officers, the Committee resolved to approve the Statement and recommend that it be signed by the Leader of the Council and the Chief Executive.
58. Looking ahead, the Committee noted the need to continue to develop the Annual Governance Statement as a document that is more accessible and clearer for residents. While the Statement complies with CIPFA guidance, it was suggested that consideration be given to reviewing the questions and structure, and also the potential to strengthen the link between the Statement and Cyngor Gwynedd's Annual Self-Assessment, in order to avoid duplication of work and ensure a more coherent narrative regarding governance, risk and continuous improvement.

Controls Improvement Working Group

59. A meeting of the Controls Improvement Working Group was held during 2025/26, with a focus on strengthening control and compliance arrangements in high-risk service areas. The Chair of the Governance and Audit Committee, Carys Edwards, and the Vice-Chair, Rhys Parry, together with relevant Elected Members, Internal Audit officers, and officers from the Adults, Health and Wellbeing Department, were in attendance. The matters were referred to the Working Group following decisions by the Governance and Audit Committee to seek further assurance regarding the implementation of internal audit recommendations, particularly in relation to residential care provision.
60. It was reported back to the Governance and Audit Committee that the discussions had been beneficial, providing an opportunity for officers and service managers to respond openly and constructively to the audit findings. Ongoing concern was noted regarding the reliance on agency staff and the associated cost implications, and it was agreed that further exploration of options to strengthen recruitment and retention within the Council's employment arrangements was required, in order to reduce costs and improve stability. The Committee considered that the role of the Controls Improvement Working Group remains valuable, and it was suggested that relevant matters continue to be referred to the

Care Scrutiny Committee, as well as ensuring that Working Group reports include a clear summary of key issues and agreed actions, in order to facilitate effective oversight in the future.

North Wales Corporate Joint Committee – Establishment of a Governance and Audit Sub-Committee

61. On 9 October 2025, a report by the Head of Democratic Services was presented to the Committee, recommending that the Committee nominate one Councillor to serve on the North Wales Corporate Joint Committee's Governance and Audit Sub-Committee, and one Councillor to act as a substitute for that member. The Committee was also asked to decide whether it wished to nominate a Lay Member to serve on the relevant Sub-Committee.
62. The Committee resolved to nominate Councillor Ioan Thomas to serve on the North Wales Corporate Joint Committee's Governance and Audit Sub-Committee, and Councillor Richard Glyn Roberts as the substitute. In addition, it was resolved to nominate Carys Edwards, Chair of Cyngor Gwynedd's Governance and Audit Committee, to be considered to serve on the North Wales Corporate Joint Committee's Governance and Audit Sub-Committee as a Lay Member.

Reviewing and Assessing the Authority's Ability to Deal with Complaints Effectively, Producing Reports and Making Recommendations

63. The Annual Complaints and Service Improvement Report for 2024/25 was presented to the Governance and Audit Committee at its meeting on 11 September 2025, in order to update the Committee on the Council's arrangements for dealing with complaints, together with the content of the Public Services Ombudsman for Wales' Annual Letter.
64. Members were reminded that the Committee has a statutory duty to ensure that the Council has effective arrangements in place for handling complaints, and that these arrangements are reviewed regularly. It was noted that no fundamental changes had been made to the Concerns and Complaints Policy during the year, and therefore the arrangements continue to operate within the framework adopted by the Council.
65. Reference was made to the Ombudsman's Annual Letter, and to the comments and recommendations it contained regarding the Council's performance in handling complaints. In particular, attention was drawn to the encouragement for the Council, and the Governance and Audit Committee, to make more effective use of complaints data in order to understand trends, identify patterns, and evaluate how well complaint-handling approaches are embedded across the Authority's services.
66. Following discussion of the report, the Committee resolved to accept the Annual Complaints and Service Improvement Report, noting the information presented and recognising the importance of continuing to monitor arrangements, in order to ensure that learning from complaints is used to improve Council services and strengthen public confidence.

Reviewing and Monitoring the Authority's Internal and External Audit Arrangements

Internal Audit Work Programme

67. A revised version of the Internal Audit Charter was presented to the Committee meeting on 22 May 2025. In accordance with the requirements of the Global Internal Audit Standards, which came into force in the public sector from 1 April 2025, an Internal Audit Charter must be prepared that reflects the new standards and the CIPFA Code of Practice for Internal Audit Governance. It is the responsibility of the Governance and Audit Committee to review and approve the Charter annually as part of its oversight role.
68. Attention was drawn to the significant changes made to the Internal Audit Charter to ensure full compliance with the Global Internal Audit Standards, including clarifying the service's mandate, strengthening independence and accountability arrangements, and ensuring that the Internal Audit Service aligns more clearly with the Council's strategic priorities and corporate risks. It was also noted that the purpose of the Internal Audit Service has continued to evolve, with increasing emphasis on assurance, advisory work and supporting improvement.
69. Having considered the report and the governance implications, the Committee resolved to accept the report and approve the revised Internal Audit Charter. The contents of the Mandate and Internal Audit Charter were accepted and approved, formally adopted, and the Committee expressed its support for Internal Audit in delivering its functions at its meeting on 3 February 2026.
70. At the same meeting, the Committee approved the Internal Audit Strategy and the Annual Audit Plan for 2025/26, which had been prepared based on the Council's corporate risk assessment, strategic priorities, and the internal audit resources available, in order to ensure effective and efficient use of those resources.
71. The Committee received regular updates on progress against the 2025/26 Annual Audit Plan during the year, including at meetings on 9 October 2025 and February 2026. Reference was made to the status of audit work, the level of completion of the plan, and the time spent on each audit. The Committee approved appropriate revisions to the Audit Plan to reflect the resources available to the service and to ensure that work continued to focus on the areas of highest risk to the Council.

Audit Wales Work Programme

72. Audit Wales' Detailed Audit Plan 2025 was presented to the Committee at its meeting on 11 September 2025. The Plan outlined the work the auditors intended to undertake in order to fulfil their statutory responsibilities as the Council's external auditors, in line with their role under the Audit Wales Code of Practice. It was noted that the audit of the financial statements would focus on the Council's key risks and specific priority areas, while performance audit work would consider assurance arrangements, risk management, and

appropriate local areas of work reflecting the current challenges facing the Council

73. The Detailed Audit Plan referred to significant risks to the financial statements that are common to all Local Authorities, including the risk of management override of controls, as well as specific areas where the audit would focus, such as the valuation of land and buildings and the valuation of the Council's Pension Fund net liabilities. It was noted that these areas remain high-risk and require particular attention by external auditors.
74. During 2025/26, Audit Wales provided regular quarterly updates to the Committee on the progress of audit work and the status of delivery of the Detailed Audit Plan. These updates provided assurance to the Committee regarding progress, any changes to scope or timetable, and that external audit arrangements were being implemented in accordance with statutory and professional expectations

Functions under the 2021 Act – Council Performance

75. It is a new statutory requirement under the Local Government and Elections (Wales) Act 2021 that the Council produces a "self-assessment report" setting out its conclusions on the extent to which it has met the performance requirements established under the Act during the relevant financial year. The same legislation requires the Council to ensure that a draft version of its self-assessment report is made available to its Governance and Audit Committee (Section 91(6)).
76. Cyngor Gwynedd's draft Self-Assessment Report for 2024/25 was presented to the Governance and Audit Committee at its meeting on 9 October 2025, and a detailed discussion was held on its content. Having considered the document, the Committee resolved to accept the draft self-assessment, noting that it met the statutory requirements, but made a number of comments and suggestions with the aim of strengthening the presentation, clarity, and future value of the document.
77. Among the comments noted by the Committee was the desire to be involved earlier in the process of preparing the self-assessment, in order to ensure more meaningful input and a better opportunity to influence the content before it is finalised. It was suggested that holding a workshop with Members would be an appropriate way of facilitating deeper discussion and gathering clearer recommendations from the Committee.
78. The Committee also suggested that appropriate consultation arrangements should be considered in the future to ensure input from Gwynedd residents into the self-assessment process. In addition, it was emphasised that when presenting data and performance measures, full clarity is needed regarding context and impact. In particular, in relation to work on Increasing the Supply of Housing for Local People, the Committee suggested that the report should highlight not only numbers, but also the impact of actions on communities and the long-term sustainability of the County.

Monitoring Response and Implementation of External Audit and Regulator Recommendations

79. The Committee received an update on Recommendations and Improvement Proposals arising from External Audit and Regulator Reports at its meeting on 9 October 2025. In line with its statutory role, it is considered essential that the Committee is satisfied that appropriate and robust arrangements are in place to ensure that all relevant recommendations and improvement proposals are implemented in a timely and effective manner.
80. Based on the reports presented to the Committee, together with the challenge work and discussions undertaken during the year, the Committee was satisfied that the Council's arrangements for responding to external audit and regulator recommendations are robust, with clear departmental ownership, established reporting processes, and appropriate corporate-level oversight.
81. The Committee resolved to accept and note that appropriate arrangements and processes are in place to ensure that improvement proposals from external audit and regulator reports are implemented and monitored. The arrangements to report progress every six months to the Committee were welcomed, as was the revised approach of presenting departmental responses at Performance Challenge and Support meetings, strengthening accountability and ensuring that progress against recommendations is monitored in a more systematic and transparent manner.

Committee Effectiveness

82. During 2025/26, the Committee received regular updates on the actions taken to implement its decisions at each of its meetings, where practical. The Committee believed that this arrangement continues to be an important step in ensuring accountability, transparency, and the effective implementation of its decisions.
83. As part of its commitment to continuous improvement, the Committee continued to build on the findings of previous self-assessments, considering its effectiveness, composition, and ways of working. The Committee continued to use CIPFA guidance and standards for Audit Committees as a framework to evaluate its work, ensuring that its arrangements align with the best practices set out in the CIPFA Position Statement.
84. During the year, the Committee reviewed progress against actions arising from the self-assessment, agreeing to continue supporting measures that strengthen the Committee's effectiveness, particularly in relation to working relationships with external regulators and Internal Audit, and the Committee's role in providing challenge and adding value.
85. As part of arrangements to support ongoing effectiveness, a rolling forward work programme was presented to Committee meetings, enabling proactive planning, prioritisation of statutory and thematic items, and ensuring sufficient time is available to scrutinise key matters. The Committee considered that this approach contributed positively to the overall effectiveness of its work during 2025/26.

Agenda Item 9

MEETING: GOVERNANCE AND AUDIT COMMITTEE

DATE: 21 MAY 2026

TITLE: FINAL ACCOUNTS 2025/26 - REVENUE OUTTURN

PURPOSE: TO EXPLAIN AND SCRUTINISE THE FINAL FINANCIAL POSITION FOR 2025/26

ACTION: Receive the information, consider any risks arising from the actual expenditure and income against the 2025/26 budget.

CONTACT OFFICER: FFION MADOG EVANS, ASSISTANT HEAD OF FINANCE

CABINET MEMBER: COUNCILLOR HUW WYN JONES, FINANCE CABINET MEMBER

1. The report submitted today, namely the “outturn” budget review, explains the final position for 2025/26 and shows each department’s position. These figures form the basis for the statutory statements that will be submitted to the next meeting of the Governance and Audit Committee.
2. The report has been presented to the 19 May 2026 meeting of the Cabinet.
3. I note that part 7 and Appendix 3 of this report also deals with the review of the Council’s reserves.
4. The Governance and Audit Committee is requested to note the position and the relevant risks regarding the budgets of the Council and its departments and comment as necessary.

Appendix:

19 May 2026 Cabinet report

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Title of Item:	Final Accounts 2025/26 – Revenue Outturn
Cabinet Member:	Councillor Huw Wyn Jones, Cabinet Member for Finance
Relevant officer:	Ffion Madog Evans, Assistant Head of Finance Department – Accountancy and Pensions
Date of meeting:	19 May 2026

Summary

- Expenditure in the fields of children out-of-county placements, waste, residential care and domiciliary care has remained higher than the budget they were allocated.
- A favourable position on several corporate budgets is helping to alleviate the financial situation for the Council as a whole by the end of the financial year.
- £3.2 million from the Financial Strategy Fund will need to be used to balance the situation of financial deficit in the departments.
- As part of the funds review exercise, £1.5 million will need to be earmarked from the Financial Strategy Fund to the Buildings Safeguarding Fund.
- The Statutory Finance Officer is of the opinion that the Council's General Balances are to be increased by £6.6 million, so that they represent 2.5% of the authority's gross revenue expenditure and recommends transferring this amount from the Financial Strategy Fund, leaving £12.7 million in this reserve.

1. Decision sought

To accept the report and consider the final financial position of the Council's departments for 2025/26:

	Column A	Column B	Column C	Column CH	Column D
	Gross Over / (Under) Spend 2025/26	Recommended Adjustments			Adjusted Over/(Under) Spend 2025/26
	£ '000	£'000	£'000	£'000	£'000
Adults, Health and Well-being	1,381	(1,281)			100
Children and Families	3,396	(3,296)			100
Business & Care Commissioning	(99)				(99)
Education	(24)				(24)
Economy and Community	269		(269)		0
Highways, Engineering & YGC	407	(307)			100
Environment	1,378	(22)		(1,256)	100
Housing and Property	(20)				(20)
Corporate and Legal Management Team	(39)				(39)
Corporate Services	(20)				(20)
Finance	(38)				(38)

1.2 Noting that there is substantial expenditure above the budget by the Adults, Health and Well-being Department, the Children and Families Department and the Environment Department in 2025/26 (See Column A in the table above). To approve the following financial virements (which are explained in **Appendix 2**) -

- The departments that are over-spending to receive one-off financial assistance to limit the overspend that will be carried forward by the Department to £100k (See column B in the above table).
- To confirm the financial support of £269k above the contractual payment to Byw'n lach (see column C in the table above).
- To fund the overspend of £1.256 million in the Waste field by using £786k from the Parc Adfer Contributory Earnings Recovery Fund and £470k from the Producer Extended Responsibility Fund for packaging materials (See column CH in the above table).
- To allocate a financial bid of up to £800k to the Housing and Property Department to fund the pressure on the emergency accommodation service in 2026/27.
- On Corporate budgets:
 - use (£2.8 million) of the corporate underspend to assist the departments that have overspent in 2025/26.
 - the remainder (£3.174 million) needed to fund all requirements to be funded from the Council's Financial Strategy Support Fund.
 - the underspend of (£914k) on Council Tax Premium to be transferred to the Council Tax Premium fund with its use to be decided by the Cabinet.

1.3 Approve the amounts to be carried forward (the "Adjusted Over/(Under) Spend" column) in column D above and in column D **Appendix 1**).

1.4 To approve the financial virements from the Council's Financial Strategy Support Fund as outlined in **Appendix 3** following a review of the reserves:

- £6.6 million being moved to the Council's general balances
- £1.5 million being moved to the Building Safeguarding Fund.

2. The reason why the Cabinet needs to make the decision

2.1 It is the Cabinet's responsibility to act, as necessary, to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

2.2 The Cabinet is requested to approve the final financial position for 2025/26, which is the basis of the statutory financial statements.

3. Introduction and Rationale

Background / Introduction

3.1 A summary of the final position of all departments is outlined in **Appendix 1**. During 2025/2026, three departments have spent over a million pounds more than their budget.

The amounts to be carried forward by the departments (subject to Cabinet approval) are in the column 'Adjusted Over/(Under) Spend 2025/26' (Column D).

- 3.2 In **Appendix 2**, further details are provided relating to the main issues and the fields where there were significant variances to what was reported previously, along with several specific recommendations. Those recommendations have been highlighted for consideration in 1.2 above.
- 3.3 In the last revenue budget review undertaken on the end of November 2024 position, a deficit of £6.5 million was forecast by departments, since then, overspending by council departments has increased to £6.6 million. The main areas of overspend are out-of-county placements, waste, residential care and domiciliary care. A favourable position on several corporate budgets by the end of the financial year helped to alleviate some of the financial situation for the Council as a whole, but there is also a need to make use of reserves to balance the situation.

4. The Savings Situation

- 4.1 In the 2025/26 Budget report to the Full Council on 6 March 2025, it was reported that £3.5 million worth of savings were profiled for the 2025/26 budget. The budgets have been reduced by this amount; therefore, the situation is reported upon after consideration of the savings.
- 4.2 In recent years we have reported on risks to achieving savings. In terms of the remaining schemes, there are risks to the delivery of some of the schemes.
- 4.3 The latest situation in terms of savings is that almost £47 million, namely 93% of the amended savings schemes since 2015, have now been realised.

5. Council Departments

- 5.1 The main issues at the end of the financial year are as follows:

- 5.2 **Adults, Health and Well-being Department**

The department's budgetary deficit reduced to £1.4 million by the end of the financial year. There is a mixed situation with over £3 million in additional permanent funds allocated to the department in 2025/26, whilst savings and cuts worth £1.5 million have not been realised.

The pressures on the provider services continues and is responsible for £1 million of the departmental pressure, which is mainly on staff overspend and use of agency staff on residential care. The pressure continues also on the residential side of Mental Health.

An improvement was seen in the financial situation of older people, as a result of less use of private homes, a drop in domiciliary care costs, additional grant receipts and work to ensure the efficiency of direct payments. In the Learning Disabilities Service, additional grants were received and there was less pressure on supported accommodation, direct payments and on independent residential homes.

5.3 **Children and Supporting Families Department**

Since the November review, an increase of 11 out-of-county placements was seen, including exceptional cases of non-registered placements, which are more costly, leading to an increase in the departmental financial deficit of £1.9 million to £3.4 million by the end of the financial year. Increasing pressure was also seen on the Post-16 Service budget and on support plans and field worker support, but despite the reduction in pressure on Derwen Services, they continue to overspend by £443k at the end of the year.

5.4 **Education Department**

An underspend of (£24k) by the Education Department. Following substantial overspend on school transport over the last few years, the field received an additional budget allocation of £896k on a permanent basis and a further £939k for one year only, to address the pressures in the field of school buses and taxis. We managed to reduce the one-off contribution to £384k by the end of the year, because of a reduction in costs and additional grant receipts. A higher grant income receipt was seen for primary schools free school meals by the end of the year, but an increase was seen in one-off costs in the field of additional learning needs and inclusion.

5.5 **Byw'n Iach**

Over the past few years, Byw'n Iach has received financial support from the Council above the contractual payment in the delivery contract, which was £550k in 2022/23, £308k in 2023/24 and £281k in 2024/25, to enable them to maintain their services. The need for financial support continues in 2025/26, with the required sum at £269k by the end of the year.

5.6 **Highways, Engineering and YGC Department**

The department has a budgetary deficit of £407k; a reduction was seen in the work being commissioned by outside agencies, and this has had a negative impact on the income of the Highways services. In the Municipal service, there is a combination of added pressures on the public toilet cleaning staff budgets, and income losses are an issue in land maintenance and public toilets. Further underspending was seen in Street Enforcement and on Tidy Teams.

5.7 **Environment Department**

They report a budgetary deficit of £1.38 million at the end of the year, with the overspending trend continuing in the waste field, and responsible for £1.26 million of the departmental position. The overspend in the waste field is to be funded from the gains from refunding Parc Adfer and an income from a levy on packaging materials for producers and retailers.

Several savings schemes in various services worth £1.27 million are slipping, which is also a part of the picture. Despite the drop in parking income deficits since last year, the deficit stands at £464k. The underspend on Transport Network Management, Planning and Public Protection reduces the departmental overspend reported.

5.8 **Housing and Property Department**

The trend of significant pressure on the emergency accommodation service continues, with expenditure in this area at £6.1 million this year, which is consistent with 2024/25. The financial position reported follows the consideration of an additional budget of £4.2 million

allocated from the Council Tax premium and an additional one-off budget of £859k allocated as part of the bids system to assist with the increasing pressures.

After a review of spending on Homelessness, it is suggested that a one-off bid of up to £800k should be allocated to assist with the pressure on emergency accommodation in 2026/27.

There was a slippage of £1.1 million in the corporate revenue maintenance budget in 2025/26 following the receipt of grants totalling £2.4 million towards Education maintenance during the year. The £1.1 million slippage has been transferred to a dedicated reserve for future maintenance purposes.

5.9 Corporate

An underspend (£3.7 million) on several corporate headings, including the savings provision (£1.1 million), returns of budgets and bids (£404k) and (£914k), which is relevant to the Council Tax Premium. After the GwE Regional Schools Effectiveness and Improvement Service came to an end at the end of May 2025, the six north Wales authorities received a reimbursement relating to a surplus deriving from pension contributions relevant to GwE.

5.10 **In Appendix 1, the underspend / overspend position of each department is reported to the Cabinet, and a formal decision is sought to approve the amounts to be carried forward.** Financial Procedure Regulation 16.3.1 details the arrangements for sums to be "carried forward" at the end of the year. There are four requests to the Cabinet to cancel the departmental deficit at the closure of 2025/26.

5.11 Generally, where departments have underspent, that position is for one time only in 2025/26.

5.12 Appropriate consideration has been given to the budgets that are under pressure in the 2026/27 budgetary cycle, and a number of those persistent issues have already been addressed in the financial strategy for 2026/27 (by management action to halt the trend and/or by adjusting the budget).

6. Schools

6.1 Part of **Appendix 2** details the budgetary position of schools, where a statute has introduced delegated powers for governing bodies to carry balances forward at the end of a financial year. The county's total school balances has reduced from £8.3 million at the end of 2024/25 to £7.1 million at the end of 2025/26. We will shortly publish detailed information about individual school balances in a 'Section 52 Statement'.

6.2 The Education Department has arrangements to challenge individual schools to justify the need for their balances and are asking headteachers and governing bodies of the relevant schools to explain their intention for using their balances (particularly those with balances exceeding 5% of their budget).

6.3 Seven primary schools and three secondary schools are in deficit at the end of the 2025/26 financial year. I confirm that the Finance Unit and Education Department will work with the schools and governing bodies to recover the deficits.

7. Corporate Budgets and Reserves

- 7.1 For several reasons there has been a one-off underspend on a number of corporate budget headings this year, as set out in 5.9 above, and the last part of **Appendix 2**. An underspend (£3.7 million), with (£914k) of the amount relevant to the Council Tax Premium, is reported. It is suggested that a net underspend of (£2.8 million) is used to assist the departments that are overspending in 2025/26.
- 7.2 The adequacy of the Council's dedicated reserves was reviewed by the Head of Finance Department once again at the closure of this year's accounts, in accordance with the policy approved some years ago. As outlined in **Appendix 3**, two virements totalling £8.1 million are to be implemented from the Financial Strategy Support Fund, with £6.5 million to be placed in the Council's general balances and £1.5 million to be moved to a buildings safeguarding fund relating to the Corbett Arms, which has been the subject of a Cabinet report on 16 December 2025.
- 7.3 Further to the above, it is suggested that the £3.2 million required to finance the financial position at the end of the financial year is funded from the Financial Strategy Support Fund.

8. Conclusion

- 8.1 The purpose of this report is to detail the expenditure of individual departments and the Council as a whole in 2025/26, compared to the budget set in March 2025. We report a budgetary deficit position of £6.6 million by the departments at the end of the year, which is reduced by an underspend of £3.7 million on corporate budgets to give a net overspend of £2.9 million for the Council as a whole (Column A, **Appendix 1**).
- 8.2 Following the underspend on corporate headings together with the use of the Financial Strategy Support Fund and other specific reserves to fund the overspend in the waste field, the financial position will be balanced.
- 8.3 A combination of harvesting reserves totalling £8.1 million as well as £3.2 million to fund the financial position at the end of the financial year means that the Financial Strategy Support Fund will be reduced by £11.3 million at the end of the financial year, leaving a balance of £12.7 million.

9. Next steps and timetable

- 9.1 We will consider the information and will reflect the position in the final accounts.
- 9.2 The latest position and information are reflected here, and in concluding the process, there may be further changes. However, it is not anticipated that there will be a significant change to the overall situation.

9.3 The Finance Department will produce the 2025/26 statutory financial statements to be certified by the Head of Finance within the statutory timeframe. The outturn report will be submitted to the Governance and Audit Committee on 21 May 2026.

10. Observations of the Statutory Officers

10.1 Chief Finance Officer

I have worked with the Cabinet Member to prepare this report and I confirm the content.

10.2 Monitoring Officer

No comments to add in terms of propriety.

Appendices:

Appendix 1 - Final underspend / overspend position of each department

Appendix 2 - main budgetary matters and areas where there were significant variances

Appendix 3 - Review of Reserves

Revenue Budget 2025/26 - Summary of the situation by Department

Final Review							
2025/26 Budget	Gross Under / (Over) Spend 2025/26	Recommended Adjustments			Adjusted Over/(Under) Spend 2025/26	Projected Over/(Under) Spend November 2025/26 Review	
£'000	£'000	£'000	£'000	£'000	£'000	£ '000	
	Column A	Column B	Column C	Column CH	Column D		
Adults, Health and Well-being	83,682	1,381	(1,281)		100	3,062	
Children and Families	26,617	3,396	(3,296)		100	1,856	
Business and Care Commissioning Service	2,826	(99)	0		(99)	(144)	
Education	120,671	(24)	0		(24)	(15)	
Economy and Community	5,205	269	0	(269)	0	2	
Highways, Engineering and YGC	18,064	407	(307)		100	492	
Environment	18,001	1,378	(22)	(1,256)	100	685	
Housing and Property	10,612	(20)	0		(20)	248	
Corporate and Legal Management Team	3,194	(39)	0		(39)	(14)	
Corporate Services	8,631	(20)	0		(20)	(6)	
Finance (and Information Technology)	9,166	(38)	0		(38)	(13)	
Corporate Budgets <i>(Variances only)</i>	*	(3,715)	3,715		0	(871)	
Totals (net)	315,835	2,876	(1,191)	(269)	(1,256)	160	5,282

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Adults, Health and Well-being Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adults Services</u>						
Management	597	480	(117)		(117)	(35)
Learning Disabilities Services	31,080	30,666	(414)		(414)	199
Mental Health Services	6,071	6,629	558		558	607
Older People's Services						
Residential and Nursing - Homes	24,516	24,940	424		424	940
Domiciliary Care	11,700	12,539	839		839	1,274
Physical Disabilities Services	3,652	2,699	(953)		(953)	(1,070)
Direct Payments	2,194	1,978	(216)		(216)	(72)
Others	3,048	3,278	230		230	209
	45,110	45,434	324	0	324	1,281
<u>Adults Services Total</u>	82,858	83,209	351	0	351	2,052
<u>Provider Services (shows net budget)</u>						
Residential Care	(297)	524	821		821	911
Community Care	1,126	1,337	211		211	93
Others	(5)	(7)	(2)		(2)	6
<u>Provider Services Total</u>	824	1,854	1,030	0	1,030	1,010
Closure of 2025/26 Accounts Adaption				(1,281)	(1,281)	0
<u>Adults, Health and Well-being Total</u>	83,682	85,063	1,381	(1,281)	100	3,062

Adults, Health and Well-being

Over £3.1 million in additional permanent funding was allocated to the Department for the 2025/26 budget onwards. An improvement was seen in the financial situation compared with the projections, with a £1.38 million budgetary deficit at the end of the financial year.

The Department's Management - staff turnover and underspend on the legal budget, as well as a grant receipt and additional income by the end of the year.

Learning Disability - the service received an additional budget allocation of £400k in 2025/26. Pressures continue on day services, support plans and on the residential service in the Council's homes. Grants were received and thus less pressure on supported accommodation, direct payments and independent residential homes during the year with the work of reviewing care packages continuing and coming into fruition.

Mental Health - £177k of additional funding was allocated to this field for 2025/26, a budget deficit of £650k was seen for the residential and nursing element following an unexpected and unusual increase in the numbers, with 11 new cases during the financial year. The support plans and supported accommodation are underspending and therefore reduce the overspend reported. The mental health field is the subject of a £1.2 million bid for 2026/27.

Older People - £1.5 million in additional permanent funding was allocated to the Department for 2025/26, with £1.2 million of it allocated to Domiciliary Care. The budget deficit dropped to £324k by the end of the year, with additional grants and work to ensure the efficiency of direct payments assisting with the picture. In residential and nursing, there was a gradual increase in the use of in-house homes and fewer private homes, as well as an increase in client contributions, thus reducing the pressure. An improvement was also seen in domiciliary care, with a reduction in the costs to £839k above the budget on the efforts to provide care in areas where services are not readily available; nevertheless, the waiting lists continue to be high for domiciliary care. In the physical disabilities field, the reduced demand for domiciliary care continues. In 'Others', increasing pressures and savings schemes are yet to be realised.

Provider Services - staff overspend in residential care including £510k on the use of agency staff. An additional budget of £1 million has been permanently invested in domiciliary care in 2025/26; nevertheless, staff costs remain above the budget, with high levels of sickness and rates of non-contact hours. A permanent bid of £464k has been allocated to in-house residential care for 2026/27.

Savings - in terms of the situation with realising the department's savings, although progress has been seen in realising savings during the year, savings to the value of £1.5 million are yet to be realised and therefore contribute to the financial situation.

It is recommended that the Adults, Health and Well-being Department receives one-off financial support of £1.281 million to limit the level of overspend to be carried forward by the Department to £100k, to assist in moving on and facing the challenges of 2026/27.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Children and Families Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	705	705	0		0	89
Operational	3,070	3,548	478		478	351
Placements						
Out-of-County Placements	7,050	9,061	2,011		2,011	683
Small Group Homes	76	156	80		80	29
Fostering through an Agency	1,755	1,617	(138)		(138)	(271)
Fostering - Internal	3,120	3,215	95		95	125
Support Services and Others	2,178	2,419	241		241	191
	14,179	16,468	2,289	0	2,289	757
Post-16	1,778	2,215	437		437	204
Derwen Service	3,655	4,098	443		443	533
Youth Justice	262	251	(11)		(11)	(5)
Early Years	147	(39)	(186)		(186)	(174)
Workforce Development Unit	308	308	0		0	0
Others	2,513	2,459	(54)		(54)	101
Closure of 2025/26 Accounts Adaption			0	(3,296)	(3,296)	0
Children and Families Total	26,617	30,013	3,396	(3,296)	100	1,856

Children and Families

£2.175 million of additional permanent funding was allocated to the Department for the 2025/26 budget. At the end of the year, a £3.4 million budget deficit is reported by the department.

Management - one-off additional staffing costs but which are counterbalanced by the use of grants towards establishing an information system.

Operational - although a permanent additional resource to the value of £365k has been allocated to the field for 2025/26 onwards, the overspend trend continues as a result of substantial pressure on support plans support as well as staffing above the field workers budget. The field of support plans has received a bid worth £200k in 2026/27 to address the pressure.

Placements - we saw 11 new out-of-county placements since the last review, including exceptional cases and non-registered placements, which are much more expensive. As a result, a further increase was seen in the average number of out-of-county placements again this year to 37 (34.3 in 2024/25, 32.5 in 2023/24, 25.7 for 2022/23), with the average cost of the placements now £253k.

Six new cases were seen since the last review in Agency Fostering, but a reduction was seen in the In-house Fostering numbers. A reduction was seen in the income from the Home Office for unaccompanied asylum seekers who are receiving a service. In the support service and others, there is increasing pressure on the support workers budget and on the North Wales Adoption Service.

Small Group Homes - the homes are currently being established in Gwynedd with two homes now operational, and the third becoming operational during 2026/27. This in-house provision means that children can be placed in-house instead of with out-of-county external providers. The Council received grants to establish the homes as well as a contribution towards the costs of running the homes this year.

Post-16 - additional pressure on the service after two exceptional cases were transferred from the out-of-county service during the year. Pressure also on the over 18-year-old asylum seekers element, as the Home Office contribution is not enough to meet the costs. Staffing above the social workers budget also contributes to the overspending.

Derwen - to respond to the overspending trend, Derwen received an additional permanent resource allocation of £1 million for the 2025/26 budget. The pressure continues with an overspend of £443k at the end of the year on support plan workers, specialist support and on the Short Breaks Unit. A further bid of £175k has been allocated to the field for 2026/27.

Early Years - staff turnover and increasing grants available to fund the core spending has led to an underspend.

Others - underspending at the end of the year after an additional funding receipt from the Business and Care Commissioning Service, but including the overspend on specialist services fees and on the out-of-hours service.

It is recommended that the Children and Families Department receives one-off financial support of £3.296 million to limit the level of overspend to be carried forward by the Department to £100k, to support them to proceed to face the challenge of 2026/27.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Business and Care Commissioning Service	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Support and Commissioning	1,068	1,046	(22)		(22)	(82)
Income and Finance	1,479	1,422	(57)		(57)	(38)
Preventative Services	279	259	(20)		(20)	(24)
<u>Business and Care Commissioning Service Total</u>	2,826	2,727	(99)	0	(99)	(144)

Business and Care Commissioning Service

Support and Commissioning - saving as a result of a joint decision on a north Wales level to reduce the contribution level to the Regional Partnership Board. In addition, the use of various grants against costs contributes to the underspend reported.

Income and Finance - a combination of underspend on staff costs in preparation for restructuring, as well as a grant receipt towards the time of staff involved with the work to implement care cases software across north Wales. For a period, two care information systems will run concurrently.

Preventative Service - receipt of an additional grant for preventive services which means there is an underspend at the end of the financial year.

Following the favourable situation on all Business and Care Commissioning Service headings, which is mainly as a result of a grant receipt, a virement of £67k and the redirection of a bid worth £90k at the end of the financial year to the Children's Department supported by the service, helps with their financial situation this year.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Education Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Leadership and Management	2,378	2,431	53		53	54
Devolved Schools	104,767	104,767	0		0	0
Schools Quality Service	(2,696)	(2,751)	(55)		(55)	(46)
Infrastructure and Support Services						
Transportation	8,186	8,186	0		0	0
Ancillary Services	915	662	(253)		(253)	(73)
Others	727	836	109		109	68
	9,828	9,684	(144)	0	(144)	(5)
Additional Learning Needs and Inclusion	5,514	5,636	122		122	(16)
Youth Service	880	880	0		0	(2)
Education Total	120,671	120,647	(24)	0	(24)	(15)

Education

Leadership and Management - one-off spend on implementing a new information management system for schools and consultant fees.

Schools Quality Service - a transitional period for the new service with vacant posts, income receipts and additional grants, but there is substantial pressure on the immersion system budget.

Transport - following substantial overspending in the field over the past years, a budget of £896k was allocated on a permanent basis and a further £939k for one year only to address the pressures in the field of school buses and taxis. We managed to reduce the one-off contribution to £384k by the end of the year, because of a reduction in costs and additional grant receipts; therefore, we report a balanced financial situation.

The transport field continues to be the subject of a strategic review to try to control the increase in the expenditure, so that it is possible to reduce overspending and take advantage of opportunities for efficiencies.

Infrastructure and Support Services - Ancillary Service - a higher grant income receipt by the end of year for free school meals for primary schools. However, an overspend on staff costs due to sickness are issues in school cleaning and caretaking. The care element of the breakfast clubs is also overspending by £71k as a result of higher staff costs and a lack of income.

Infrastructure and Support Services - Others - an increase in one-off costs reduced by the use of grant money and underspending on other budgets.

Additional Learning Needs and Inclusion service - an increase in one-off costs by the end of the year as well as circumstances relating to one specific centre, which has now ended, but is responsible for an overspend of £53k. Staff turnover and a grant receipt reduces the overspend reported.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Economy and Community Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	403	392	(11)		(11)	(3)
Community Regeneration and Support Programmes	674	671	(3)		(3)	(2)
Maritime and Country Parks	(389)	(288)	101		101	35
Byw'n Iach and Other Leisure Contracts	1,741	2,044	303	(269)	34	91
Economic Development Programmes	(307)	(311)	(4)		(4)	0
Marketing and Events	280	280	0		0	0
Gwynedd Libraries	1,673	1,644	(29)		(29)	(35)
Gwynedd Museums, Arts and Archives	1,033	1,042	9		9	14
Use of the Department's Underspend Fund	49	0	(49)		(49)	(49)
Use of the Department's Other Fund	48	0	(48)		(48)	(49)
<u>Economy and Community Total</u>	5,205	5,474	269	(269)	0	2

Economy and Community

Management - a grant receipt and higher income have led to an underspend on the core budget.

Maritime and Country Parks - a deterioration in the financial situation by the end of the year with the spending above the budget increasing to £71k in Doc Fictoria, Caernarfon, and an increase in spending by the Harbours and beaches. It was seen that income shortages were issues in Beaches totalling £84k as well as Rural Parks of £27k. Contrary to this trend, the net income is better in Hafan, Pwllheli and underspending (£80k).

Byw'n Iach and Other Leisure Contracts - the leisure provision was transferred to the Byw'n Iach Company in April 2019, but responsibility for the running costs of properties remained with the Council. Over the past few years, the company has received annual financial support from the Council which was £550k in 2022/23 and £308k in 2023/24, and £281k in 2024/25, which was above the contractual payment in the delivery contract, to enable them to maintain their services. The financial support continues this year, and the required sum is £269k by the end of the year.

Furthermore, an overspend of £34k on the budget to run the leisure buildings by the Economy and Community Department.

Gwynedd Libraries - following a transitional period of restructuring the service, every post has now been filled. Income receipts are higher as banks make regular use of space in Caernarfon Library.

Museums, Arts and Gwynedd Archives - overspending mainly because staffing costs exceed the budget in Storiol £16k and Lloyd George Museum £15k whilst other costs are higher in Neuadd Dwyfor £15k. A reduction was seen in spending by the Archives and Arts Service, which means that the overspend reported is lower.

To reduce the overspend reported, the department is using £97k from the departmental reserves.

It is recommended that the Cabinet approves financial support to the value of £296k to Byw'n Iach.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Highways, Engineering and YGC Department (including Trunk roads)	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Services:</u>						
Highways (including Trunk roads)	11,618	11,936	318		318	220
Engineering	487	411	(76)		(76)	(28)
Municipal	5,827	6,007	180		180	381
Gwynedd Consultancy	132	117	(15)		(15)	(81)
Closure of 2025/26 Accounts Adaption			0	(307)	(307)	0
<u>Highways, Engineering and YGC Total</u>	18,064	18,471	407	(307)	100	492

Highways, Engineering and YGC (including Trunk roads)

Highways Services - although an increase was seen in realising savings in this area, savings to the value of £120k remain to be achieved in the County Roads field. Higher expenditure by the end of the year on the construction programme and on staff and other costs in County Roads. Furthermore, a reduction in the income from external agencies on various contracts.

Engineering Services - discussions with Network Rail relating to Barmouth Bridge ended recently, leading to a saving. In addition, an underspend on various headings as well as a higher income receipt.

Municipal Services - a mixed picture which is a combination of factors, including the need to realise savings to the value of £117k. Despite the continuing pressure on public toilet cleaning staff budgets, there was a reduction by the end of the year. Following recent work in the Crematorium, a reduction was seen in the associated income projections, but also in the costs. Income losses remain as issues for land maintenance and public toilets. Further underspend on Street Enforcement and on Tidy Teams, which reduces the overspend reported. A permanent bid worth £180k has been allocated to Open Lands for 2026/27 onwards.

Gwynedd Consultancy - despite exceeding the income from external organisations such as other councils and the Welsh Government in the field of roads and engineering, it is not as much as what was projected during the year. Underspend on vacant posts and staff turnover in the Building Service.

Savings - the value of the departmental savings not realised is £317k and so contributes to the overspend position reported at the end of the year. Despite the slippage on the delivery, the department will implement definitive steps over the coming months in order to deliver a proportion of the savings.

It is recommended that the Highways, Engineering and YGC Department receives one-off financial support of £307k to limit the level of overspend to be carried forward by the Department to £100k, to assist them to move on to face the challenges of 2026/27.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Environment Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	776	948	172		172	158
Planning and Building Control Service	743	518	(225)		(225)	(1)
Street Care and Transport Services						
Network Management (Transportation)	363	(82)	(445)		(445)	(362)
Parking and Parking Enforcement	(3,008)	(2,534)	474		474	213
Integrated Transport	2,294	2,544	250		250	88
	(351)	(72)	279	0	279	(61)
Markets	8	13	5		5	0
Countryside and Access	777	795	18		18	8
Public Protection	2,048	1,921	(127)		(127)	(36)
Waste	14,000	15,256	1,256		1,256	617
Environment Total	18,001	19,379	1,378	0	1,378	685
Use of Parc Adfer Refinance Gain Share Reserve				(786)	(786)	
Use of Extended Producer Responsibility for packaging Reserve				(470)	(470)	
Closure of 2025/26 Accounts Adaption				(22)	(22)	
Total	0	0	0	(1,278)	100	

Environment

The Department's Management - a delay in realising savings schemes to the value of £150k as well as an overspend on vehicle costs.

Planning and Building Control Service - a mixed picture, including income on major applications at the end of the financial year from the National Grid, meaning that Planning over-achieved its income by £222k, whilst income shortage continues to be an issue for Land Charges and Development Control. Staff turnover and vacant posts further assist the financial situation.

Network Management (Transportation) - exceeding the streetworks fees income, as well as vacant posts and further underspend on many of the budget's headings.

Parking and Parking Enforcement - after parking fees were increased in April 2025, there was an expectation that parking income would improve this year, compared to the £826k deficit reported in 2024/25. An improvement has been seen, with an income deficit of £464k, but lower than the projections. Vacant posts assist to improve the situation reported.

Integrated Transport - a significant increase was seen in contract costs, therefore the grants received do not cover all the associated costs. Underspend on staff costs and on other budgets reduces the reported overspend.

Public Protection - vacant posts and less expenditure on a number of the budget headings, including on vehicle costs. In general, the income situation is better than the projections, with trading standards income exceeding the target but income is down for the taxi licensing field.

Waste - an additional budget of £400k was allocated for 2025/26 onwards, but several factors are responsible for the overspend, which has increased to £1.26 million by the end of the year. The work of restructuring and introducing changes to the field continues, with several stages associated with the process, with some of the stages slipping to 2026/27 and therefore several savings schemes are slipping as a result of the restructuring challenges. An increasing overspend by the end of the year on waste collection and recycling, commercial waste, treatment and waste transfer sites and on running the recycling centres. Relevant savings schemes worth £830k in waste have not delivered by the end of the year.

Reclaiming the Shared Returns of Parc Adfer - one-off saving to all councils from the returns of re-funding Parc Adfer. The money available, namely £786k, is to be used in full to fund the overspend in the waste field.

Extended Producer Responsibility for packaging material - new income receipt for councils which comes from a levy on packaging for producers and retailers, to promote recycling. £407k is to be used in 2025/26 to meet the deficit in the waste service, with the remainder being prioritised for the waste field.

Savings - savings to the value of £1.27 million are not being realised by the department and are therefore contributing to the overspend position.

It is recommended that the overspend of £1.256 million in waste services is funded by using £786k from the Parc Adfer Contributory Earnings Recovery Fund and £470k from the Extended Producer Responsibility Fund for packaging materials. Furthermore, that the Environment Department receives one-off financial support of £22k to limit the level of overspend to be carried forward by the Department to £100k, to assist them to proceed to face the challenges of 2026/27.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Housing and Property Department	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	799	583	(216)		(216)	(192)
Housing Services						
Homelessness	6,184	6,464	280		280	531
Private Sector Housing	469	486	17		17	(30)
Others	423	299	(124)		(124)	(97)
	7,076	7,249	173	0	173	404
Property Services						
Property	2,728	2,750	22		22	11
Caretaking, Catering and Cleaning	9	10	1		1	25
	2,737	2,760	23	0	23	36
Housing and Property Total	10,612	10,592	(20)	0	(20)	248
Closure of 2025/26 Accounts Adaption - one-off bid allocation to Emergency Accommodation 2026/27				(800)		

Corporate Maintenance - slippage	(1,087)
Transfer to Maintenance Fund at the end of the year	1,087
Net Corporate Maintenance	0

Housing and Property

Management - underspend on staffing costs as restructuring is in the pipeline, as well as an underspend on services and supplies.

Homelessness - the trend of significant pressure on the emergency accommodation service continues, with expenditure in this area at £6.1 million this year, which is consistent with the spending in 2024/25. An additional budget of £4.2 million was allocated from the council tax premium to emergency accommodation as well as an additional one-off budget of £859k allocated as part of the bids system for 2025/26. Higher costs were seen in moving and storing the personal property of households receiving emergency accommodation. A combination of the reduction in numbers in emergency accommodation and also the price per night of some providers being negotiated lower, means that there has been a reduction in pressure compared with the projections. In addition to this, an increase was seen during the year in the costs of private housing leasing.

2026/27 Homelessness - following a review of the spending at the end of the year, it is suggested that a one-off bid should be allocated, up to £800k, to assist with the pressure on emergency accommodation in 2026/27.

Private Sector Housing - contrary to the projections during the year, a shortage in fees for housing with multiple residents and in the disabled facilities grant income. Higher costs were also seen associated with extending the National Empty Homes Scheme, but staff turnover is assisting the financial situation.

Housing Services, Others - underspend on staff costs and on a number of budget headings as well as further use of a grant to fund the expenditure.

Property Services - increasing pressure on the services and supplies budget by the end of the year, which is reduced by staff turnover.

Caretaking, Catering and Cleaning - the cleaning goods costs overspend is now counterbalanced by an increase in income on cleaning and caretaking.

Corporate Maintenance - Education received a maintenance grant from the Government of £2.4 million during the year, which means that there is a £1.1 million slippage on the core maintenance budget, which has been transferred to a reserve at the end of the year for maintenance purposes.

It is recommended that the Housing and Property Department receive a one-off financial allocation of up to £800k to finance the pressure on the emergency accommodation service in 2026/27.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Central Departments	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	3,194	3,155	(39)		(39)	(14)
Finance (and Information Technology)	9,166	9,128	(38)		(38)	(13)
Corporate Services	8,631	8,611	(20)		(20)	(6)
Central Departments Total	20,991	20,894	(97)	0	(97)	(33)

Central Departments

Corporate Management Team and Legal - underspend on staff and exceeding the income in various fields, it was possible to fund various one-off costs within the financial situation by the end of the year.

Finance (and Information Technology) - a combination of vacant posts and attracting income and additional grants at the end of the year but pressures remain on various systems and on the department's software costs, including the income processing system by the customers and residents of Gwynedd.

Corporate Services - staff turnover, a reduction in spending and additional income in the final months of the year. A balanced situation was seen in the Print-room, which is an improvement of the projections during the year.

2025/26 REVENUE BUDGET - FINAL ACCOUNTS						
Corporate (Reflects variances only)	2025/26 Budget	2025/26 Position	Gross Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Adjusted Over / (Under) Spend 2025/26	Projected Over / (Under) Spend- November 2025/26 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax Premium	*	*	(914)	914	0	(871)
Council Tax Reductions	*	*	14	(14)	0	0
Net Interest Received	*	*	125	(125)	0	0
Savings Provision	*	*	(1,153)	1,153	0	0
Budgets / Bids Returned	*	*	(404)	404	0	0
Reimbursement of the Pension Fund relevant to GwE	*	*	(908)	908	0	0
Others	*	*	(475)	475	0	0
Corporate Total	*	*	(3,715)	3,715	0	(871)

Corporate

Council Tax - during 2025/26, additional council tax returns of £1.583 million were seen as a result of prudent projections when setting the budget. Within this picture, 618 properties were seen to transfer from non-domestic rates to council tax during the year (692 in 2024/25, 381 in 2023/24). However, contrary to this picture, the Valuer's Office allowed 283 properties to transfer from council tax to non-domestic rates (189 in 2024/25, 193 in 2023/24, 452 in 2022/23). This money was placed in the financial strategy fund during the August Review, and therefore, it can be removed from the fund to assist with the departments' financial situation in 2025/26.

Council Tax Premium - during the year, there was a reduction of 74 in the number of premium second homes, which is contrary to the increase of 387 seen last year. In 2025/26, £7.7 million in council tax premium was earmarked for the Housing Strategy, and a further £4.2 million for the Homelessness field and £738k from other commitments. Following a review of the Council Tax Premium allocation at the end of the financial year, there was £914k of council tax premium above the budget, with its use to be considered by the Cabinet.

Council Tax Reductions - following a campaign to target different groups to increase the number of applications, an increase was seen in the number who claim the discount in Gwynedd over the year, compared with the trend in previous years, therefore the spending is above the budget.

Net Interest Receipts - a reduction in interest rates has led to interest below the expected target this year.

Savings Provision - following the inability of some departments to realise savings in certain areas, corporate provision has been made so that it is available to eliminate problematic savings and bridge savings delivery.

Budgets / Bids Returned - bids by the departments where they had not been used in full this year, were returned.

Reimbursement of the Pension Fund relevant to GwE - after the GwE Regional Schools Effectiveness and Improvement Service came to an end at the end of May 2025, the six north Wales authorities received a reimbursement relating to a surplus deriving from pension contributions relevant to GwE.

Others - the demand on the provision was not as high as what was projected when setting the budget.

It is recommended that the Departments that are overspending in 2025/26 should be assisted, provide additional support to Byw'n Iach for 2025/26 and fund a bid to the emergency accommodation field for 2026/27, to be funded from the following sources:

- that the overspend of £1.256 million in waste services is funded by using £786k from the Parc Adfer Contributory Earnings Recovery Fund and £470k from the Producer Extended Responsibility Fund for packaging materials
 - use (£2.8 million) of the underspend on Corporate budgets
- (£3.174 million) being funded from the Council's Financial Strategy Support Fund

- the underspend of (£914k) on Council Tax Premium to be transferred to the Council Tax Premium fund with its use to be decided by the Cabinet

Following a review of funds exercise detailed in **Appendix 3**, that the following two virements worth £8.1 million are made from the Council's Financial Strategy Support Fund, namely:

- £6.6 million being moved to the Council's general balances
- £1.5 million being moved to the Buildings Safeguarding Fund.

Review of Funds

Following a review of the funds, it is recommended to release the following sums:

Fund	Amount to be released £'000
The Council's Financial Strategy Fund	8,100
Total	8,100

moved to:

Balances / Reserves	Sum £'000
The Council's general balances	6,600
Buildings Safeguarding Fund	1,500
Total	8,100

Council's general balances

As noted annually in the report on the budget to the Full Council, local authorities need a prudent level of 'operational capital' to maintain an adequate cash flow and to meet unexpected expenditure. On 31 March 2026, the Council had general balances of £7.9 million, which represents 1.3% of the Council's gross revenue expenditure.

We have noted, on more than one occasion, because of the tempestuous circumstances that we will face over the years to come, that it is appropriate to keep sums in reserve to be able to deal with any problems that may arise.

We are of the opinion that it is appropriate when closing the 2025/26 accounts that we review and increase the balance of the general balances from £6.6 million to £14.5 million, which means that the ratio to the Council's gross revenue expenditure increases to 2.5% and is therefore appropriate to be able to cope with any financial shock.

Buildings Safeguarding Fund

Following a report being submitted to the Cabinet on 16 December 2025 on 'Funding work to safeguard the Corbett Arms, Tywyn building', namely a Grade II listed building, which has been a cause of concern to Cyngor Gwynedd and the local community for years. The former hotel is in a dangerous structural condition and has meant that the Council has had to act to protect and safeguard the public.

A sum of £1.5 million was approved from the Council's Financial Strategy Fund in order to fund the work to safeguard the building, as the Environment Department cannot cope with such expenditure without notice within their budget. Therefore, there is a need for a virement at the end of the year, for it to be moved to a dedicated reserve for this purpose.

[Cabinet Report - Corbett Arms.pdf](#)

Agenda Item 10

MEETING: GOVERNANCE AND AUDIT COMMITTEE

DATE: 21 MAY 2026

**TITLE: CAPITAL PROGRAMME 2025-26 – END OF YEAR REVIEW
(31 MARCH 2026 POSITION)**

**PURPOSE: MONITORING REPORT ON THE EXPENDITURE AND
FINANCING OF THE CAPITAL PROGRAMME**

**ACTION: RECEIVE THE INFORMATION AND CONSIDER THE RISKS
RELATING TO THE CAPITAL PROGRAMME**

CONTACT OFFICER: FFION MADOG EVANS, ASSISTANT HEAD OF FINANCE

**CABINET MEMBER: COUNCILLOR HUW WYN JONES, FINANCE CABINET
MEMBER**

1. The report submitted today, the capital programme end of year review, details the revised programme and its financing.
2. The report has been presented to the 19 May 2026 meeting of the Cabinet.
3. The Governance and Audit Committee is asked to note the position and any risks relating to the Council's capital programme and comment as necessary.

Appendix:
19 May 2026 Cabinet Report

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Item Title:	Capital Programme 2025/26 – End of Year Review (31 March 2026 position)
Cabinet Member:	Councillor Huw Wyn Jones, Finance Cabinet Member
Relevant Officer:	Ffion Madog Evans, Assistant Head of Finance
Meeting Date:	19 May 2026

1. Decision Sought:

- To accept the report on the end of the year review (31 March 2026 position) of the capital programme.
- Approve the revision to the Capital Budget approved on 6 March 2025 and revised on 11 November 2025 and 20 January 2026 from the programme’s financing perspective (as shown in part 3.2.3 of the report), that is:
 - an increase of £35,000 in the use of borrowing
 - an increase of £14,058,000 in the use of grants and contributions
 - an increase of £485,000 in the use of capital receipts
 - an increase of £1,313,000 in the use of revenue contributions
 - a decrease of £2,493,000 in the use of the capital reserve
 - a decrease of £667,000 in the use of renewal and other reserves.

2. The reason why the Cabinet needs to make the decision:

It is the Cabinet’s responsibility to act, as necessary, to secure appropriate control over the Council’s budgets. It is necessary to ensure appropriate financing arrangements for the Council’s plans to spend on capital. The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed programme (part 3.2.2) and financing (part 3.2.3).

These are recommended steps to ensure definite sources of funding for the 2025/26 – 2027/28 capital schemes.

3. Introduction and Rationale

3.1 Background/ Introduction

This technical report is presented as part of the 2025/26 end of year. The main purpose of the report is to present the revised capital programme and to approve the relevant financing sources. There is a summary in parts 3.2.2 and 3.2.3 of the report (the rationale and justification for recommending the decision) is as follows:

- Part 3.2.1: Main Findings
- Part 3.2.2: Analysis by Department of the £164.866m capital programme for the 3 years 2025/26 – 2027/28.
- Part 3.2.3: The sources of finance for the net increase of approximately £12.731m since the last review.
- Part 3.2.4: Detail of additional grants since the last review.
- Part 3.2.5: Analysis of the capital prudential indicators.

Incorporating funding via grant is a point of order for the Cabinet, but it is also necessary to deal with situations where there has been a change in expenditure profiles between years and the value of capital receipts and contributions.

These are technical issues regarding the financing of schemes and relevant implications and debates have already been addressed when the individual schemes were adopted.

3.2 Rationale of, and introduction to, the recommended decision

3.2.1 Main Findings

The main findings that arise from the revised position are:

- Clear plans are in place to invest approximately £83.8m in 2025/26 on capital projects, with £52.7m (63%) of it being financed by attracting specific grants.
- An additional £21.9m of proposed expenditure has been re-profiled from 2025/26 to 2026/27 and 2027/28, but no loss of funding was caused to the Council where schemes have slipped.

3.2.2 Capital Programme 2025/26 to 2027/28

See below the final capital programme for 2025/26 as at the end of March 2026, with the proposed revised position for the subsequent years:

DEPARTMENT	END OF MARCH REVIEW				Increase/(Decrease) since the Last Review £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	
Education	13,778	15,359	3,451	32,588	4,529
Environment	7,428	5,222	478	13,128	33
Corporate Support	-	-	-	-	-
Finance	734	696	1,249	2,679	(502)
Economy and Community	20,944	14,359	2,396	37,699	(101)
Housing and Property	22,836	9,014	4,103	35,953	4,926
Adults, Health and Wellbeing	3,742	4,725	-	8,467	2,998
Children and Supporting Families	2,945	1,013	700	4,658	317
Highways, Engineering and Consultancy	11,365	11,629	5,700	28,694	531
Corporate	-	500	500	1,000	-
TOTAL	83,772	62,517	18,577	164,866	12,731

3.2.3 Changes to the Sources of Finance

The budget for the three year programme shows an increase of £12.731m since the last review. The finalised sources of financing for 2025/26 at the end of March 2026 can be seen below, with the proposed revised position for the subsequent years:

SOURCE OF FINANCE	END OF MARCH REVIEW				Technical Adjustment £000	Increase/(Decrease) since the Last Review £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000		
Supported Borrowing	4,070	4,070	4,070	12,210	0	-
Other Borrowing	8,504	6,221	-	14,725	0	35
Grants and Contributions	60,115	22,346	4,871	87,332	3,441	14,058
Capital Receipts	487	158	-	645	0	485
Departmental & Corporate Revenue	2,581	20	-	2,601	0	1,313
Capital Fund	-	21,439	5,279	26,718	9,189	(2,493)
Renewals & Other Funds	8,015	8,263	4,357	20,635	(12,630)	(667)
TOTAL	83,772	62,517	18,577	164,866	0	12,731

3.2.4 Additional Grants

Since the previous review at the end of November, the Council succeeded in attracting the additional grants totalling £14.728m, the largest of which are listed below. Several adjustments including a reduction on schemes lower than the original forecast brings the total movement to £14.058m (see Appendix 1 for more information):

- £3.206m Transitional Accommodation Capital Funding Programme Grant (TACP) from Welsh Government
- £2.434m Additional Schools' Repairs and Maintenance Grant 2025/26
- £2.292m Additional General Capital Grant from Welsh Government
- £1.836m Welsh Government grant towards the Learning Disability Community Hub at Canolfan Dolfeurig

- £1.529m Sustainable Communities for Learning Grant – adaptation and addition to various schemes
- £0.763m Welsh Government grant towards the Council's Heating Decarbonisation scheme
- £0.652m Welsh Government grant towards the Mosaic computer system (CCSCP - Connecting Care - Social Care Programme)

3.2.5 Capital Prudential Indicators

The CIPFA Prudential Code notes the need to report these Prudential Indicators (see Appendix 3 for more information).

3.3 Next Steps

To implement the recommendations to finance the programme.

The latest position and information are reflected here, and in bringing the accounts closedown process to a close, there may be further changes. However, no substantial change to the general situation is anticipated.

4. Comments by Statutory Officers

4.1 Principal Finance Officer

I have collaborated with the Cabinet Member in the preparation of this report, and I confirm the content.

4.2 Monitoring Officer

No observations to add in relation to propriety.

Appendices List:

Appendix 1 – Details on Main Changes

Appendix 2 – Details of Budget Reprofileing

Appendix 3 – Capital Prudential Indicators 2025/26

Background Documents List:

2025/2026 Budgets: [Annual budgets](#)

Capital Strategy 2025/26 : Full Council 06/03/25 : [Item 10 - Capital Strategy 2025-26 including Investment and Borrowing Strategies.pdf](#)

Details of Main Changes

See below the relevant schemes that have caused the main changes to the sources of finance since the previous review:

	2025/26	2026/27- 2027/28
	£'000	£'000
Other Borrowing		
<ul style="list-style-type: none"> Highways, waste and recycling vehicles (<i>Highways, Engineering and Consultancy; Environment Departments</i>). 	36	
Grants and Contributions		
<ul style="list-style-type: none"> Additional Schools' Repairs and Maintenance Grant 2025/26 (<i>Education Department</i>). 	2,434	
<ul style="list-style-type: none"> Sustainable Communities for Learning Grant – adaptation and addition to various schemes (<i>Education Department</i>). 	809	720
<ul style="list-style-type: none"> Grants and Contributions from a number of agencies towards a hockey pitch and 3G pitch at schools in the south of the county (<i>Education Department</i>). 	235	
<ul style="list-style-type: none"> Section 106 Planning legislation contributions used towards schools (<i>Education Department</i>). 	121	
<ul style="list-style-type: none"> Transforming Towns Grant from Welsh Government (<i>Economy and Community Department</i>). 	79	
<ul style="list-style-type: none"> Pride of Place Grant from the UK Government (<i>Economy and Community Department</i>). 	50	
<ul style="list-style-type: none"> Adjustment to the Shared Prosperity Fund grant from the UK government – a sum is paid to Gwynedd Council to be distributed across the counties of north Wales (<i>Economy and Community Department</i>). 	(52)	
<ul style="list-style-type: none"> Adjustment to the Welsh Government grant to reduce the Carbon Footprint (<i>Economy and Community Department</i>). 	(51)	
<ul style="list-style-type: none"> Adjustment to the Welsh Government grant to improve access to the Archives (<i>Economy and Community Department</i>). 	(47)	

• Adjustment to the Welsh Government Childcare Capital Grant (<i>Children and Families</i>).	(94)
• Housing with Care Fund (HCF) Grant for children's homes from Welsh Government (<i>Children and Supporting Families Department</i>).	225
• Play Opportunities Wales Grant (<i>Children and Supporting Families Department</i>).	182
• Welsh Government grant towards the Mosaic computer system (CCSCP - Connecting Care - Social Care Programme) (<i>Adults, Health and Wellbeing Department</i>).	652
• Regional Integration Fund (RIF) Grant – additional grant from Welsh Government towards adapting establishments as well as facilitating joint working arrangements with other agencies (<i>Department for Adults, Health and Wellbeing</i>).	221
• Welsh Government grant towards Penrhos Care Home (<i>Adults, Health and Wellbeing Department</i>).	289
• Welsh Government grant towards the Learning Disability Community Hub at Canolfan Dolfeurig (<i>Adults, Health and Wellbeing Department</i>).	1,836
• Adjustments to grants from the Local Transport Fund (LTF); Active Travel Fund (ATF); Resilient Roads Fund (RRF) and the Safe Routes in Communities Grant (SRiC) from Welsh Government towards several different schemes (<i>Environment Department</i>).	(207)
• Adjustments to grants and contributions from the Welsh Government, Natural Resources Wales, Wales Council for Voluntary Action (WCVA) and Local Nature Partnerships towards countryside schemes (<i>Environment Department</i>)	(105)
• An adjustment to Welsh Government grant from the Very Low Emission Vehicle Transformation Fund (ULEVTF) for electric vehicle charging points and solar points (<i>Environment Department</i>).	(30)
• Welsh Government Transforming Towns Grant towards Homelessness schemes (<i>Housing and Property Department</i>).	506

<ul style="list-style-type: none"> • Transitional Accommodation Capital Funding Programme Grant (TACP) from Welsh Government (<i>Housing and Property Department</i>). 	3,206	
<ul style="list-style-type: none"> • Section 106 Planning legislation contributions used towards specific houses (<i>Housing and Property Department</i>). 	108	
<ul style="list-style-type: none"> • Adjustment to the Welsh Leasing Scheme Grant from Welsh Government (<i>Housing and Property Department</i>). 	(58)	
<ul style="list-style-type: none"> • Welsh Government grant towards the Council's Heating Decarbonisation scheme (<i>Housing and Property Department</i>). 	730	33
<ul style="list-style-type: none"> • Additional General Capital Grant from Welsh Government (<i>Corporate</i>). 	2,292	
Capital Receipts		
<ul style="list-style-type: none"> • Correction of contributions towards electric vehicles whilst compensating departmental renewal funds (<i>Highways, Engineering and Consultancy; Environment Departments</i>). 	484	
Departmental and Corporate Revenue		
<ul style="list-style-type: none"> • Individual schools' contributions towards various specific schemes (<i>Education Department</i>). 	215	
<ul style="list-style-type: none"> • Revenue contributions towards various specific schemes (<i>Economy and Community Department</i>). 	166	
<ul style="list-style-type: none"> • Revenue contributions towards various schemes (<i>Highways, Engineering and Consultancy; Environment Departments</i>). 	193	
<ul style="list-style-type: none"> • Revenue contributions towards various schemes including homelessness schemes (<i>Housing and Property Department</i>). 	692	
<ul style="list-style-type: none"> • Adjustments of departmental contributions toward additional computer equipment (<i>Finance Department</i>). 	50	
Capital Fund		
<ul style="list-style-type: none"> • Correction of funding for the 24/25 VOIP telephone project - specific fund to be used (<i>Finance Department</i>). 	(201)	
<ul style="list-style-type: none"> • Adjustment in the use of the Capital Fund due to the receipt of the additional General Capital Grant from Welsh Government (<i>Corporate</i>). 	(2,292)	

Renewals and Other Funds

- Adjustment to the match funding/additional contributions towards various schemes (*Economy and Community Department*). (257)
- Correction of capital receipt contributions towards electric vehicles whilst compensating departmental renewal funds (*Highways, Engineering and Consultancy; Environment Departments*). (484)
- Contribution/ adjustment towards various schemes including the upgrade of the Incinerator at Bangor Crematorium (*Highways, Engineering and Consultancy Department*). 356
- Vehicle and Equipment Renewals from departmental reserves (*Highways, Engineering and Consultancy; Environment Departments*). 329
- Adjustment to the contribution from the Council Tax Premium Fund towards the Housing Strategy schemes (*Housing and Property Department*). (570)
- Contributions towards climate and decarbonisation schemes (*Housing and Property Department*). 297 4
- Adjustment to the funding of the scheme to strengthen the infrastructure and other IT schemes through revenue over a number of years whilst using the same funds originally earmarked to fund the capital (*Finance Department*). (552)
- Correction of funding for the 24/25 VOIP telephone project - specific fund to be used (*Finance Department*). 201

Details of Budget Re-profiling

See below the main schemes that have been re-profiled since the original budget:

	2025/26	2026/27 - 2027/28
	£'000	£'000
Schools' Schemes (Sustainable Communities for Learning and Others) (<i>Education Department</i>)	(10,928)	10,928
Economic Stimulus Schemes and Industrial Units (<i>Economy and Community Department</i>)	(1,881)	1,881
Levelling Up Fund (<i>Economy and Community Department</i>)	(6,078)	6,078
Shared Prosperity Fund (<i>Economy and Community Department</i>)	(1,987)	1,987
Maritime, Country Parks, Culture and Leisure schemes (<i>Economy and Community Department</i>)	(1,592)	1,592
Children's Establishments (<i>Children and Supporting Families Department</i>)	(1,013)	1,013
Provision to Joint-fund Care Projects (<i>Adults, Health and Wellbeing Department</i>)	(1,500)	1,500
Residential Establishments, Day Care and other schemes in the Adults' area (<i>Adults, Health and Wellbeing Department</i>)	(1,726)	1,726
Road and Municipal schemes (<i>Highways, Engineering and Consultancy Department</i>)	(1,197)	1,197
Vehicle and Equipment Renewals (<i>Highways, Engineering and Consultancy; Environment; Housing and Property Departments</i>)	(3,172)	3,172
Coastal Risk and Flood Prevention Plans (<i>Highways, Engineering and Consultancy Department</i>)	(1,880)	1,880
Transport, Urban Improvements and Countryside management schemes (<i>Environment Department</i>)	(291)	291
Car Parks (<i>Environment Department</i>)	(221)	221
Specialist Environment Department IT Systems (<i>Environment Department</i>)	(48)	48

Waste and Recycling Schemes (<i>Environment Department</i>)	(2,156)	2,156
Housing Strategy schemes (<i>Housing and Property Department</i>)	(164)	164
Housing Grants and Other Schemes (<i>Housing and Property Department</i>)	(1,151)	1,151
Disabled Adaptation, Offices; Smallholdings' Schemes (<i>Housing and Property Department</i>)	(105)	105
Council's Carbon Management and Solar Panel Schemes (<i>Housing and Property Department</i>)	(3,175)	3,175
Asbestos Disposal Schemes (<i>Housing and Property Department</i>)	(164)	164
IT equipment renewals (<i>Finance Department</i>)	26	(26)

Note:

The above re-profiling will not result in any loss in grant.

There are a variety of valid reasons behind the re-profiling in many cases, but the delay prior to implementing these schemes can mean that the services must cope for longer with current assets which have not been improved.

Capital Prudential Indicators 2025/26 - Outturn

The Council measures and manages its capital expenditure and borrowing with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a regular basis.

The latest position and information are reflected here, and in bringing the accounts closedown process to a close, there may be further changes. However, no substantial change to the general situation is anticipated.

Capital Expenditure

The Council has undertaken and is planning capital expenditure as summarised below.

	2024/25 Actual £m	2025/26 Actual £m	2026/27 Budget £m	2027/28 Budget £m
General Fund Services	85.0	84.6	62.9	18.9
Leasing General Fund	5.3	0.0	0.0	0.0
TOTAL	90.3	84.6	62.9	18.9

The main General Fund capital projects in 2025/26 y include (see the review reports for reprofiling details as applicable):

- Sustainable Communities for Learning Schemes - £12.4m
- Levelling Up Fund Schemes - £11.0m
- Housing Schemes/Strategy - £7.5m
- Departmental Vehicles - £6.9m
- Adults' Homes/ Centres - £4.5m
- Property Schemes - £3.9m

Capital Financing Requirement

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 Minimum Revenue Provision (MRP) and capital receipts used to replace debt.

	31.3.2025 Actual £m	31.3.2026 Actual £m	31.3.2027 Forecast £m	31.3.2028 Forecast £m
General Fund Services	179.9	186.4	190.3	187.7

Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2025 Actual £m	31.3.2026 Actual £m	31.3.2027 Forecast £m	31.3.2028 Forecast £m
Debt (including Private Finance Initiative (PFI) and leases)	100.1	79.0	73.6	71.6
Capital Financing Requirement	179.9	186.4	190.3	187.7

Debt and the Authorised Limit and Operational Boundary

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.

	Maximum Debt 2025/26 £m	Debt at 31.03.2026 £m	2025/26 Authorised Limit £m	2025/26 Operational Boundary £m	Complied ?
Borrowing	94.1	73.9			
Private Finance Initiative (PFI) and Finance Leases	6.0	5.1			
Total Debt	100.1	79.0	200	190	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue. 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.

	2024/25 Actual	2025/26 Actual	2026/27 Budget	2027/28 Budget
Financing Costs (£m)	8.5	10.1	10.0	10.3
Proportion of Net Revenue Stream (%)	2.5%	2.8%	2.6%	2.7%

Treasury Management Indicators

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are reported separately as part of the Treasury Management Report for the period under review.

MEETING	Governance & Audit Committee
DATE	21 May 2026
TITLE	Gwynedd Harbours' Final Accounts for the year ended 31 March 2026
PURPOSE	To submit – <ul style="list-style-type: none">• The Revenue Income and Expenditure Account Report for 2025/26 and• Statements of accounts return, duly certified, but subject to Audit.
AUTHOR	Ffion Madog Evans, Assistant Head of Finance
ACTION	Receive and Approve the Accounts

1. HARBOUR REPORTING REQUIREMENTS

- 1.1 The Harbours Act 1964 requires that Gwynedd, as a harbour authority, prepares an annual statement of accounts relating to harbour activities.
- 1.2 Gwynedd Harbours, due to its turnover not exceeding £2.5m is considered to be a small local government body as defined in the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 1.3 For a “small local government body”, completion of a statements of accounts return prepared by Audit Wales satisfies the statutory requirement. It will be subject to a separate audit, but production of full statutory financial statements (complying with “IFRS” International Financial Reporting Standards) are not required.

2. 2025/26 ACCOUNTS

- 2.1 **The Revenue Income and Expenditure Account for 2025/26 is submitted herewith as Appendix A** in simple “out-turn” format.
- 2.2 **The Official Annual Return for 2025/26 is submitted herewith as Appendix B, duly completed and certified, by the Responsible Financial Officer**, namely Cyngor Gwynedd’s Head of Finance (Dewi Aeron Morgan) as the Statutory Finance Officer for Gwynedd Harbours.
- 2.3 The accounts and return will be subject to imminent audit by Audit Wales, Cyngor Gwynedd’s external auditors appointed by the Auditor General for Wales. Should any amendments be necessary following audit then a revised version will be presented to the Governance & Audit Committee on **29 September 2026**.

- 2.4 After audit, and following any required amendments, the Auditor General's representative will certify the return prior to **30 September 2026**.
- 2.5 Appendix A relates to the revenue account only whereas the accounting statements in Appendix B incorporates both revenue and capital. There was no capital expenditure for Gwynedd Harbours for 2025/26.

3. RECOMMENDATION

3.1 **The Governance & Audit Committee is asked to receive and approve the information in the appendices, i.e. :-**

- Revenue Income and Expenditure Account for 2025/26 – Appendix A
- Annual Return for the Year Ended 31 March 2026, Subject to Audit – Appendix B

Gwynedd Harbours Report

Income & Expenditure Account 2025/26

Expenditure	Final Budget	Actual	Variance Over
	2025/26	Expenditure for 2025/26	(Under) spend
	£	£	£
Employees			
Wages & Salaries	£273,510	£272,979	-£531
Staff Training	£410	£4,876	£4,466
Insurance	£1,790	£1,650	-£140
Other Miscellaneous	£2,280	£1,101	-£1,179
Buildings			
General Repair & Maintenance-Property Department	£26,020	£10,200	-£15,820
General Repair & Maintenance-Harbours	£29,570	£40,632	£11,062
Ground Maintenance	£18,000	£16,646	-£1,354
Electricity - Heating & Lighting	£25,280	£37,967	£12,687
Water & Sewerage Charges	£3,100	£4,503	£1,403
Business Rates (NNDR)	£20,840	£20,821	-£19
Buildings Insurance	£4,470	£4,910	£440
Refuse Collection & Cleaning	£5,130	£7,458	£2,328
Crown Estate Lease	£3,430	£0	-£3,430
Cludiant			
Vehicle Running Costs (including Boats)	£2,710	£3,189	£479
Travel Expenses	£410	£362	-£48
Supplies & Service			
Equipment - Including safety	£14,850	£21,094	£6,244
Signages	£5,390	£17,189	£11,799
Office Supplies & Network Costs	£2,700	£6,846	£4,146
Maintenance of Boats	£3,880	£7,864	£3,984
Clothing (Safety)	£2,500	£2,637	£137
Arolwg Offer Arbennigol	£8,310	£0	-£8,310
Audit Fees	£880	£692	-£188
Licenses	£720	£2,581	£1,861
Insurance - Loss of Income	£6,220	£6,420	£200
Unallocated Budget	£1,710	£0	-£1,710
Central Support			
Central Administration Costs	£46,243	£46,243	£0
Total Expenditure	£510,353	£538,859	£28,506
Income			
Fees & Rents	-£213,970	-£220,704	-£6,734
Contribution from Reserves (towards one off expenditure)	£0	-£43,905	-£43,905
Total Income	-£213,970	-£264,609	-£50,639
Total Net Expenditure	£296,383	£274,251	-£22,132

Main Variences**Employees****Staffing Costs - overspend +£3k**

Staff training mainly, against a provision of £278k

Buildings**Buildings - maintenance/ grounds/ equipment/ energy - overspend +£7k**

Mixed situation. The fund has financed one-off expenditure of £42k on Porthmadog Harbour Office, resulting in an overall underspend of (£35k). The Property Department is mainly responsible for an underspend of £16k. The remainder is mixed, including various underspending of £8k in Pwllheli Harbour and £14k in Porthmadog Harbour. Building maintenance work is undertaken as required and not necessarily as part of a planned programme.

Vehicle Running Costs**Costs of Running & Maintaining Vehicles, also Staff Travel Costs - neutral**

Neutral situation, against a provision of £3k.

Supplies & Services**Boat Maintenance/ Safety Equipment / Inspections/ Licenses and Administrative Costs - overspend +£19k**

Overspend mainly on Safety Equipment and Signages, due to the severe Winter storms

Income**Fees & Charges - surplus -£7k**

Final income of £221k was recorded against a target of £214k, resulting in a better performance than the target of £7k or 3.3%.

Contribution from Specific Funds & Asset Disposal**Surplus -£44k**

A one-off contribution of £44k from maritime funds was provided to fund expenditure, mainly in relation to the new Porthmadog Harbour Office.

Gwynedd Harbours

Annual Return for the Year Ended 31 March 2026

Accounting statements 2025-26 for:

Name of
Committee:

Gwynedd Harbours

	Year ending		Notes and guidance
	31 March 2025 (£)	31 March 2026 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	£0	£0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	£249,544	£274,251	Total amount of income received/receivable in the year from levy/contribution from principal bodies.
3. (+) Total other receipts	£249,998	£264,609	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-£242,924	-£272,979	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, taxable allowances, PAYE and NI (employees and employers), pension contributions and termination costs. Exclude reimbursement of out-of-pocket expenses.
5. (-) Loan interest/capital repayments	£0	£0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-£256,618	-£265,881	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	£0	£0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	£40,611	£39,999	Income and expenditure accounts only: Enter the value of debts owed to the Harbours at the year-end.
9. (+) Total cash and investments	-£25,710	-£20,327	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-£14,901	-£19,672	Income and expenditure accounts only: Enter the value of monies owed by the Harbours (except borrowing) at the year-end.
11. (=) Balances carried forward	£0	£0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	£482,678	£482,678	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	£0	£0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

We acknowledge as the members of the Governance & Audit Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2026, that:

	Agreed?		'YES' means that the Committee:
	Yes	No*	
1. We have put in place arrangements for: <ul style="list-style-type: none"> • effective financial management during the year; and • the preparation and approval of the accounting statements. 	✓		Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Harbours to conduct its business or on its finances.	✓		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓		Has given all persons interested the opportunity to inspect the Harbours accounts as set out in the notice of audit.
5. We have carried out an assessment of the risks facing the Harbours and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces in the operation of the Harbours and has dealt with them properly.
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Harbours.
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Harbours and, where appropriate, have included them on the accounting statements.	✓		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1.


2.

3.

* Include here any additional disclosures the Committee considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

Committee approval and certification

The Gwynedd Harbours is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Gwynedd Harbours, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2026.</p>	<p>Approval by the Governance & Audit Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Governance & Audit Committee under minute reference:</p>
<p>RFO signature:</p> 	<p>Minute ref:</p> <p>Chair signature:</p>
<p>Name: Dewi Morgan CPFA</p>	<p>Name:</p>
<p>Date: 12 May 2026</p>	<p>Date:</p>

Annual internal audit report to:

Name of
Committee:

Gwynedd Harbours

The Gwynedd Harbours internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2026.

The internal audit has been carried out in accordance with the Gwynedd Harbours needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Gwynedd Harbours.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to the Committee)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	✓				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓				
3. The Harbours assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓				
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓				
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			✓		
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				
8. Asset and investment registers were complete, accurate, and properly maintained.	✓				

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to Committee)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to Committee)
	Yes	No*	N/A	Not covered**	
11.					
12.					
13.					

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated May 2026.

Internal audit confirmation

I/we confirm that as the Gwynedd Harbours internal auditor, I/we have not been involved in a management or administrative role within the Harbours (including preparation of the accounts) or as a member of the Harbour during the financial years 2024-25 and 2025-26. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Bleddyn Rhys, Cyngor Gwynedd
Signature of person who carried out the internal audit: <i>Bleddyn Rhys</i>
Date: 11/05/2026

MEETING:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	21 MAY 2026
TITLE:	TREASURY MANAGEMENT QUARTERLY UPDATE
PURPOSE:	CIPFA's Code of Practice requires that the prudential indicators are reported on a quarterly basis
RECOMMENDATION:	RECEIVE THE REPORT FOR INFORMATION
AUTHOR:	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. Introduction

The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual outturn reports.

This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators.

The Council's Treasury Management Strategy for 2025/26 was approved at Full Council on 6th March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

2. External Context

2.1 Economic Background

Early in the first quarter was dominated by US trade tariffs and the negative impact on equity and bond markets. While this was reversed somewhat in the second quarter with equity markets making gains, it also saw a divergence in US and UK government bond yields. UK yields persisted at higher levels as investors demanded higher returns in the form of term premia due to the more uncertain UK fiscal and economic position.

The latter part of the period included the government's November autumn Budget. Despite much speculation and drip-feeding of potential policies in the weeks leading up to the event, what was ultimately announced was generally deemed more muted than had been anticipated, helping ease investors' fears of significantly higher government borrowing.

UK consumer price inflation (CPI) inflation was 3.2% in November 2025, down from 3.6% in the previous month and lower than the 3.5% expected, but still well above the Bank of England (BoE) target. Core CPI eased to 3.2% from 3.4%, against forecasts of it staying at 3.6%.

According to the Office for National Statistics (ONS), the UK economy expanded by 0.7% in the first quarter of the calendar year, by 0.3% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP fell by 0.1% in October.

The labour market continued to ease over the period as unemployment rose, vacancies fell and inactivity remained flat. In the three months to October 2025, the unemployment rate rose to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%.

The Bank of England's Monetary Policy Committee (MPC) voted 5-4 to cut Bank Rate to 3.75% in December 2025, as was expected. Policymakers wanting a cut judged that disinflation was established while those preferring to hold Bank Rate at 4% argued that inflation risks remained sufficiently material to leave it untouched at this stage.

The November BoE Monetary Policy Report projected GDP would expand by a modest 0.2% in calendar Q4 2025. Estimates of inflation in the report were quickly out of date when CPI fell quicker than expected in November. Predictions of a modestly growing economy were echoed by the Office for Budget Responsibility in its Economic and Fiscal Outlook published with the Autumn Statement which revised down its estimate of annual GDP to around 1.5% between 2025 and 2030.

Arlingclose, the authority's treasury adviser, held a central view that Bank Rate would be cut further in 2025/26 with most BoE policymakers remaining more worried about weak GDP growth than higher inflation. In line with Arlingclose's central forecast, Bank Rate was reduced to 3.75% in December. Further cuts are expected in 2026, with the central forecast being that Bank Rate will be eased to around 3.25%.

The US Federal Reserve continued cutting rates, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. The meeting minutes noted that most 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) held its key interest rates 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 Financial Markets

After declining sharply early in the period, sentiment in financial markets has been mostly buoyant, but risky assets remained volatile. Bond yields initially declined early in the period, but increasing uncertainty around the UK's economic and fiscal outlook caused medium and longer yields to rise. Yields remained elevated until the third quarter when the potential negative impact of the UK Budget were deemed less than expected and yields eased modestly.

Equity markets gained the previous declines seen in the April sell-off and have continued to rise, even in the face of ongoing uncertainty around the existence of an AI-related 'bubble' and concentration in US and global stock markets.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.48%. However, these nine months saw significant volatility with the 10-year yield hitting a low of 4.39% and a high of 4.82%. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.11% with a low and high of 5.05% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.10% over the nine months to 31st December.

2.3 Credit Review

Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

In May, Moody's downgraded the United States sovereign long-term rating to Aa1 and affirmed OP Corporate's rating at Aa3. Moody's later upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers.

S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

After spiking in April following the US trade tariff announcements, UK credit default swap (CDS) prices trended down before picking up modestly in October and November. They declined again in December and ended the year in line with levels seen in the first half of the year and most of 2024.

European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.

At the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

3. Treasury Management Summary

On 31st December 2025, the Council had net investments of £53.1m arising from its revenue and capital income and expenditure.

The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

	31.3.25 Balance £m	Movement £m	31.12.25 Balance £m
Long- term borrowing	90.1	(16.3)	73.8
Short-term borrowing	4.0	(1.2)	2.8
PFI	1.0	0	1.0
Total borrowing	95.1	(17.5)	77.6
Short-term investments	(86.9)	(1.6)	(88.5)
Cash and cash equivalents	(66.0)	23.8	(42.2)
Total investments	(152.9)	22.2	(130.7)
Net borrowing/ (investment)	(57.8)	4.7	(53.1)

Borrowing Strategy and Activity: No new long-term borrowing was undertaken in 2025, with existing loans maturing without replacement and a historical bank loan of £16.2m was repaid early at favorable terms. This strategy enabled the Council to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk.

Treasury Investment Activity: The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held for the Pension Fund. During the year, the Council's investment balances ranged between £74.3m and £159.8m due to timing differences between income and expenditure.

Treasury Investment Position

	31.3.25 Balance £m	Movement £m	31.12.25 Balance £m
Banks & building societies (unsecured)	6.0	(4.8)	1.2
Local Authorities	25.0	11.5	36.5
Money Market Funds	65.0	(24.0)	41.0
Debt Management Office	45.0	(6.0)	39.0
Pooled Funds	11.9	1.1	13.0
Total investments	152.9	(22.2)	130.7

4. Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

i. Liability Benchmarking

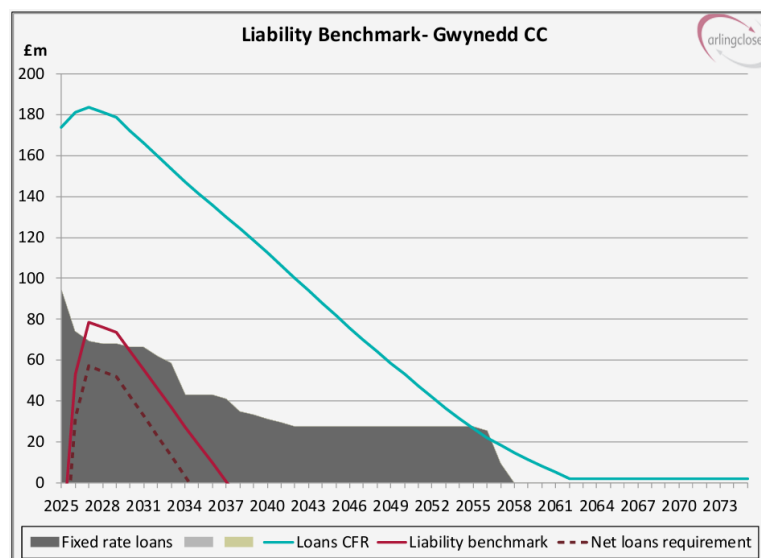
This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £21.5m required to manage day-to-day cash flow.

	31.3.25 Actual	31.3.26 Estimate	31.3.27 Estimate	31.3.28 Estimate
Loans CFR	179.9	187.4	189.8	184.7
Less: Balance Sheet resources	(232.8)	(149.8)	(126.9)	(126.9)
Net loans requirements	(52.9)	37.6	62.9	57.8
Plus: Liquidity allowance	21.5	21.5	21.5	21.5
Liability benchmark	(31.4)	59.1	84.4	79.3
Existing borrowing	94.2	73.9	69.4	68.0

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.

Following on from the medium-term forecast above, the long-term liability benchmark assumes no new capital expenditure funded by borrowing, minimum revenue

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



The chart shows that there is no need to borrow long- term based on current projections, but maybe in the short term in the near future.

ii. Maturity Structure of Borrowing

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

	31.12.25 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	3.63%	25%	0%	✓
12 months and within 24 months	7.27%	25%	0%	✓
24 months and within 5 years	2.38%	50%	0%	✓
5 years and within 10 years	30.81%	75%	0%	✓
10 years and above	55.90%	100%	0%	✓

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

iii. Long-term Treasury Management Investments

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

	2024/25	2025/26	2026/27	No precise date
Actual principal invested beyond year end	£13m	£0	£0	£0
Limit on principal invested beyond year end	£40m	£20m	£20m	£20m
Complied	✓	✓	✓	✓

Additional indicators:

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

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the time-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment and taking the arithmetic average, weighted by the length of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.12.25 Actual	2025/26 Target	Complied
Portfolio average credit score	4.3	A score of 6 or lower	✓

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

	31.12.25 Actual	2025/26 Target	Complied
Total cash available within 3 months	£117.7m	£10m	✓

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

	31.12.25 Actual	2025/26 Limit	Complied
Upper limit on one year revenue impact of a 1% rise in interest rates	£1,105,920	£1,324,700	✓
Upper limit on one year revenue impact of a 1% fall in interest rates	£1,105,920	£1,324,700	✓

5. Recommendation

To receive the report for information.

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	21 MAY 2026
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 MARCH 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 26 January 2026 to 31 March 2026.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period from 26 January 2026 to 31 March 2026.:

Description	Number
Reports on Audits from the Operational Plan 2025-26	12

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 26 January 2026 to 31 March 2026, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
School Transport Follow Up	Education	Schools	Satisfactory	Appendix 1
Breakfast Clubs Follow Up	Education	Schools	Limited	Appendix 2
School Transportation Follow Up	Environment	Transport and Countryside	Limited	Appendix 3
Building Regulations	Environment	Building Control Service	Satisfactory	Appendix 4
Information Management and Data Protection	Corporate	-	Limited	Appendix 5
Mandatory Training	Corporate Services	Learning and Organisational Development	Satisfactory	Appendix 6
Fire Arrangements	Corporate	-	Satisfactory	Appendix 7
Safeguards For Deprivation of Liberty	Adults, Health and Wellbeing	Safeguarding, Quality Control and Mental Health	Limited	Appendix 8
Fleet - Fuel	Highways, Engineering and YGC	Fleet	Limited	Appendix 9
Street Cleaning Overtime - Follow Up	Highways, Engineering and YGC	Street Cleaning	Satisfactory	Appendix 10
Category Management - Environment - Follow Up	Highways, Engineering and YGC	Category Management	Limited	Appendix 11
Bangor Crematorium	Highways, Engineering and YGC	Municipal Assets	Satisfactory	Appendix 12

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 31 March 2026:

- Education Outside Schools (*Education*)
- Field Workers' Awareness of the Protection Policy (*Corporate*)
- Out-of-County Payments (*Children and Family Support*)
- Emergency Accommodation Costs (*Housing and Property*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 26 January 2026 to 31 March 2026, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

SCHOOL TRANSPORT FOLLOW UP

1. Background

- 1.1 An Internal Audit of School Transport was undertaken as part of the 2024/25 plan, to ensure that suitable arrangements were in place for the administration and provision of a free school transport service for qualified children in accordance with the Education Act 1996, as well as income collection arrangements for ineligible children. A limited level of assurance was given to the audit, that is to say, 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 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 accomplish this, the audit covered the verification of records and 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	1
LOW	0

5. Main Findings

- 5.1 Of the 5 operations agreed from the original audit, 4 were found to have been implemented, the conclusions are reported below. As a result, a revised agreed action plan is presented attached to this report.

- 5.2 The Transport Co-ordinator confirmed that the Transport Team are still not notified when there is a significant change in a child's circumstances, i.e. a change that would affect their right to receive free transport. While the schools report similar changes in the SIMS system, which are then fed into the Synergy system (to which the Transportation Team has access), without the change being highlighted, thousands of records would have to be checked to identify changes. The Systems Support Officer explained that SIMS is in the process of being replaced by a new system, Bromcom, which will allow better monitoring of the data. In the meantime, he noted that it is possible to run reports from Synergy of any significant changes to share with the Transportation Team. By the time the draft report was released, it was confirmed that arrangements had been put in place where the Transport Team receive a monthly report, automatically generated from the Synergy system, highlighting any children who had changed schools. It was reported that the report had enabled the Transport Team to identify two children already where their journeys needed to be changed.
- 5.3 For the period 01/04/25-02/02/26 it was found that 3,371 post-16 travel tickets were provided. From the sample of 20 reviewed in detail, it was found that the applicants all live in Gwynedd, and at least 3 miles away from school or college, making them eligible for the ticket. The Education Transport Manager confirmed that consideration had been given to reintroducing a fee for post-16 travel tickets, but that the Council did not favour the idea.
- 5.4 It was found that the Transport Team is now preparing reports to the School Group Accountant every term, stating the number of new bus passes issued, i.e. following the loss of a bus pass. For the period September-December 2025, 26 tickets had been provided, with only £10 of income recorded in the ledger. Passes are £5 each. It is assumed that the schools do not collect the income, or that it is incorrectly referenced. No response had been received from the Group Accountant by the time the draft report was released.

6. **Actions**

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

- **Once operational, carry out checks and synchronise data to ensure that the information on the 'Synergy' and 'Bromcom' systems is accurate and up to date, arranging for any deficiencies to be corrected promptly.**

BREAKFAST CLUBS FOLLOW UP

1. Background

- 1.1 An Internal Audit of Breakfast Clubs was carried out as part of the 2024/25 plan, to ensure that appropriate arrangements are in place for the holding of breakfast clubs, as well as the administration of income from the care element during the sessions.

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 the verification of records and supporting documentation, as well as conduct site visits.

3. Audit Assurance Level

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

Assurance Level	Description
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	0

5. Main Findings

- 5.1 Of the 10 actions agreed from the original audit, 6 were found to have been implemented, the conclusions are reported below. As a result, a revised agreed action plan was presented.
- 5.2 As in the full audit, the breakfast clubs of Waunfawr, Gwaun Gyfni, and Dolbadarn schools were visited to carry out the follow up. For the 3 schools, records relating to children with allergies ranged from document to document, i.e. kitchen records disagreeing with those of the Catering Team, making it difficult to identify all children with allergies. Not only did the names disagree, but also the type of foods the child had an allergy to.

On one occasion, it was found that the school had provided documentation in relation to a pupil with an allergy, but that the kitchen had not acted as there was no supporting medical evidence. In addition, it was found that 2 of the 3 schools did not display pictures of children with allergies on the kitchen wall, as stated in the Allergy Policy. In discussion with the Education Catering and Cleaning Service Manager, it was discovered that the previous Manager had been instructed by the Data Protection Team not to display pictures of the children, but that the policy had not been updated to reflect that. It was acknowledged that the policy was complex, and some of the content was now irrelevant. It was confirmed that meetings had been held with the Welsh Local Government Association, as well as enquiries to neighbouring authorities to formulate a new, simpler policy, which would place more emphasis on the receipt of supporting medical evidence.

- 5.3 Although the Allergy risk assessments seen in the Allergy Folders during the visits were not up to date, copies, reviewed in the last year, were received by the Education Catering and Cleaning Services Manager. It was noted that each school's folders would be updated with the current assessments as soon as possible.
- 5.4 It is expected that separate equipment is available for the provision of food to children with allergies, i.e. a purple plate, bowl, and cup. Although the full audit revealed that the kitchen at Ysgol Dolbadarn did not have purple bowls, it was found that this was still the case during the most recent visit. It was confirmed that the School Catering and Cleaning Team Leader had ordered bowls prior to the release of the draft report. It is noted that consideration has been given to the provision of separate eating utensils for children with allergies, but that the Public Protection service has confirmed that sterilisation alone is adequate.
- 5.5 As for the content of the breakfast, foods ordered must be as set by the Government. There are four categories, and one option must be provided from each category. The categories are: Milk or yogurt-based beverages, Cereals, Fruit and Vegetables, and Bread. At the time of the full audit, juice was being provided as the fruit option. Since then, the juice has been replaced, offering a drink of water or milk in its place. In Waunfawr school a bowl of fruit was spotted at the entrance to the kitchen, with several children asking for fruit during the session. In Gwaun Gyfni and Dolbadarn schools, although the staff noted that fruit was available to any child who requested any, it was found that the fruit bowls were hidden out of the children's view, and that the quality of the fruit was also poor. The Education Catering and Cleaning Service Manager noted that they had struggled with suppliers recently, where orders were not being fully received, and the quality of the food was poor.
- 5.6 Despite being involved in fire drills in the schools since the full audit, it was found that kitchen staff remained without access to the Council's E-learning portal to complete mandatory modules.

6. Actions

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

- Continue to draw up a new, simpler Allergy Policy, arranging training for all relevant staff on the new content.
- Consider using the Bromcom system to keep electronic records, to enable easier updating.
- Arrange a meeting with headteachers to re-introduce the content of the new Allergy Policy, emphasising the need to provide information in relation to allergies accurately, and promptly to the Catering Team.
- Ensure that each kitchen's Allergy folders are up to date with current risk assessments.
- Identify any schools that do not have the appropriate equipment, ensuring that an order is arranged immediately.
- Kitchen staff are reminded that fruit needs to be highlighted and offered during all breakfast club sessions, monitoring for future orders.
- Arrange for an electronic device to be available in each kitchen to enable staff to log in to the E-learning Portal.

SCHOOL TRANSPORTATION FOLLOW UP

1. Background

- 1.1 An Internal Audit of School Transport Project Management was carried out as part of the 2024/25 plan, to ensure that appropriate arrangements are in place for managing and monitoring contracts with school transport providers and that robust safeguarding controls are in place to protect pupils. As part of the original audit, contracts for a sample of suppliers were checked to ensure they were complete and met service requirements under the Education Act 1996; the tendering process for companies was reviewed; contract monitoring and management arrangements were examined and ensure that DBS checks are carried out in a timely manner and that suppliers comply with relevant Council policies, including the Alcohol and Drugs Policy.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit is to ensure that the agreed actions arising from the most recent full audit have been implemented in a timely manner to mitigate 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
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	1
MEDIUM	1
LOW	0

5. Main Findings

- 5.1 Five actions were agreed as part of the original audit in December 2024, three with a risk score of 15, one with a risk score of 12, and one with a risk score of 6. It was found that the actions had been partially implemented, and the findings are reported below; however, ongoing work is in place to safeguard pupils using school transport.

- 5.2 The original internal audit identified that one of the risks to be mitigated was the failure to properly monitor and manage school transport contracts, including testing against the Council's Alcohol and Drugs Policy. Evidence was seen that the Transport team had contacted operators to check whether alcohol and drugs testing is carried out, but from the sample of responses received there is no assurance that testing is taking place by all suppliers. In addition, the Transport Manager confirmed that if an allegation were received regarding a driver being under the influence of alcohol or drugs, they would contact the Police and carry out visits and testing through engagement with Corporate Services; however, such incidents are very rare.
- 5.3 At the time the original audit was carried out, 5 out of 12 suppliers in the sample did not have an internal risk assessment available, despite it being a requirement for suppliers to provide their own risk assessment when entering a contract with the Council. The same sample was reviewed for a second time, and 2 out of 12 risk assessments were still not available. These two suppliers were no longer operating school contracts and therefore were not required to provide a risk assessment.
- 5.4 At the time of the original audit, the Department was unable to regularly monitor compliance with contracts due to a lack of resources, and therefore checks were carried out only in response to complaints received. No clear supporting evidence of these checks was available during the audit. The Transport Manager confirmed that a new arrangement is in place with the Licensing service to visit schools to conduct termly checks. A copy of the monitoring spreadsheet was received and it was noted that some monitoring work had been carried out during September, October and November 2025; however, there were gaps in the spreadsheet and no detailed evidence was seen to support these entries.
- 5.5 One of the actions from the original audit was to move to the Council's DBS system to retain up-to-date DBS details and conduct checks. The service has now moved from using paper forms to using the Council's DBS system. However, the service still maintains an Excel spreadsheet of DBS details, with the IT service currently investigating ways to streamline this. Bus drivers are issued with an identification card following the DBS checking process. The Transport team confirmed that, as part of joint working with the Education department, there is an intention to raise general awareness among stakeholders (school staff, parents/guardians, etc.) that those providing education transport services on behalf of the Council must hold and wear an identification card. If there are any concerns, these should be reported to the Integrated Transport Unit so that an investigation can be carried out.
- 5.6 At the time of the audit, the Education Transport Policy was not up to date on the Council's website. A revised policy was presented to Cabinet in January 2026 to seek approval to undertake a consultation in February or March 2026. The results of the consultation will be reported to the Education and Economy Scrutiny Committee in June 2026. By October 2026, the revised Education Transport Policy is expected to be published and to be operational by September 2027.

6. Actions

The Service has committed to implementing the following actions to mitigate the risks identified:

- **Contact operators periodically to check whether alcohol and drugs testing is being carried out.**
- **Use the action points system to penalise companies that fail to submit documentation.**
- **Continue to regularly monitor and manage school transport contracts and ensure that thorough records are maintained.**
- **Ensure that the Education Transport Policy is published on the Council's website once approved and review the links on the Corporate website to ensure that the current version of the policy is included.**

BUILDING REGULATIONS

1. Background

- 1.1 The main purpose of Building Regulations is to ensure reasonable standards of health and safety for persons in or around buildings, energy conservation, and access and facilities for people with disabilities.
- 1.2 Building Regulation approval will be required for most building work, including erection of a new building, re-erection of an existing building, extension or alteration of a building, installing windows, structural alterations, heat-producing equipment, modifications to a building's drainage system, underpinning foundations, installing and alterations to most electrical circuits within dwellings, and alterations and refurbishments of certain 'thermal elements'.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the service had robust arrangements in place to comply with statutory requirements. To achieve this, the original audit included reviewing staff training, auditing a sample of applications to ensure compliance with standards, assess the decision-making process, and verifying the accuracy of the fees charged.
- 2.2 However, reliance was placed on the findings of a similar internal audit by the Local Authority Building Control (LABC) professional body conducted in April 2025 as part of the ISO 9001 requirement, to avoid repeating audit tests.

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 The Building Control service was subject to an internal audit from the LABC in April 2025 as part of the ISO 9001 requirement. A copy of the report was received, covering a wide range of areas, including compliance with regulatory requirements, risk management, system operations, record keeping and management, complaint handling, staff competence, site inspections, key performance indicators, assessment of the decision-making process, and a verification of a sample of applications, completion certificates, and initial notifications.
- 5.2 Since the tests carried out by LABC closely matched the scope of the internal audit, and was conducted by experienced professionals, it was decided not to repeat these tests and to focus on the findings and conclusions of the LABC report, which includes recommendations and opportunities for improvement. The report was found to be positive, but three opportunities for improvement were identified along with three compliance deficiencies, as well as specific remedial actions to mitigate these risks to be completed by July 2025.
- 5.3 The improvements identified included the need to review and adopt the Risk Treatment Plan, as well as to share it with relevant staff to ensure full awareness and compliance across the service. It was also recommended that the service provide specific Building Control induction for new staff, so that consistent arrangements are in place for developing competence. In addition, the approach to inspection planning should be reviewed to determine whether a more specific, risk-based approach is needed as there is no formal notification process for communicating the plan with the client.
- 5.4 The report noted three cases of non-conformance, namely: the lack of a formal process for conducting annual performance evaluations, as required by LABC; the lack of a structured procedure for recording and managing conflicts of interest; and the absence of a standard proforma for plan checks, which is essential to ensure consistency and completeness in the process.
- 5.5 The Building Control Service Manager was asked about the status of the corrective or preventative actions and it was confirmed that they have been partially implemented. Appropriate evidence was received for the three cases of non-compliance and one opportunity for improvement. An information package for clients has been created and is sent out to clients when applications are registered. It notifies the customer when they need to contact the service and provides information about the process. A conflict-of-interest log document has been created in February 2026, but has not yet been completed by staff, as additional discussions and training are required. A proforma plan check document has also been created for all staff to complete and save on file when reviewing plans, but further training and discussion is also required before it is adopted in practice. The service has also begun conducting annual staff appraisal as part of the annual performance evaluations.

- 5.6 Two of the improvements are still outstanding and require attention. The Risk Treatment Plan had not been reviewed and adopted, and the service had not provided induction training to new staff. It was noted that a lack of administrative resources is the main reason for the lack of progress, but it was explained that the service will work on these items with the intention of completing them before the end of the year.
- 5.7 Despite not fully implementing all the changes, the LABC was of the general view that the Building Control Service operates effectively, with strong technical expertise, robust engagement with contractors, and continuous improvements to processes. As a result, it was decided to revisit Building Control during the 2026/27 financial year to conduct a further audit.

6. **Actions**

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

- **Act on the two opportunities for improvement identified in the LABC report, which include –**
 - **Reviewing and adopting a Risk Treatment Plan and sharing it with relevant staff.**
 - **Providing specific induction training on Building Control to new staff.**

INFORMATION MANAGEMENT AND DATA PROTECTION

1. Background

- 1.1 Article 4 of the UK General Data Protection Regulation (GDPR) defines data processing as any operation performed on personal data. The processing of personal data must be lawful and to ensure that data is processed lawfully, the Council needs to confirm that they are able to identify and demonstrate the legal basis for each action, establish processes and policies and ensure compliance and maintain operating records of processes 'with full detail'. Where the Council processes data through a third party an agreement is required to be in place to ensure that both parties as the 'data controller' and 'data processor' comply with the legal GDPR requirements.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place to manage information and protect personal data collected and shared with third parties to ensure lawful processing of the data. To achieve this, the audit encompassed a review of the Council's policies and procedures for processing and sharing personal data and ensuring compliance with the UK's Data Protection Regulations.

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	3
LOW	0

5. Main Findings

- 5.1 The policy and procedure was obtained and it was seen that the General Data Protection Regulation (GDPR) policy and training was mandatory. In addition, it was confirmed that Data Protection face to face refresher courses are scheduled for 2026, including decisions on data sharing and when it is appropriate to do so.
- 5.2 A list of the Council's system owners was received by the Senior Statutory Information Protection Officer. The register was found to have been established in 2023 and has since been updated. A sample of the main systems was selected across the Council to confirm completeness and its relevance. In addition, the Procurement Service provided a list from the ledger of the highest paid suppliers to possibly identify whether data processing processes and contracts existed beyond the list of system owners. The Council has a WASPI agreement ('Wales Accord on the Sharing of Personal Information') and shares information under the multi-agency data sharing protocol with other authorities involved within health, education, protection, crime prevention and social welfare that allow for the secure sharing of data in compliance with the UK GDPR.
- 5.3 From the register of system owners received by the Senior Statutory Information Protection Officer, out of 30 systems checked, a response was received in respect of 28 systems. Of the 28, 4 of the systems were found to no longer exist. These appear to be a mix of data processors and license agreements with third parties, and 2 of the systems have been reported to expire within the next financial year (WCCIS & Cyborg).
- 5.4 As a result, a query was raised with the IT Service on whether there is a centralised list of systems to support the list received by the Senior Statutory Information Protection Officer to identify internal systems, reviewing renewal dates for contracts and exceptions that may suggest data processing activities with a third party. However, no list exists, including a plan for prioritising systems for data recovery in an emergency.
- 5.5 The Council has a data processing agreement template for contractors to sign which sets out the Council's terms for how they want Contractors, as the data processor to handle their data. From the sample of systems selected for review, 17 systems appear to be processing data, and the rest with a license agreement and/or support system agreement in place. While 17 appear to be processing data, a formal agreement was received for only 8 with the remaining (9) having provided the companies' privacy statement. Out of the data processing agreements only 3 had used the Council template and the rest had used the processor's agreement. The agreements were obtained to check for sufficiency and compliance with article 28 of the UK GDPR.
- 5.6 For 7 of the systems that had a licence and or support agreements, the Senior Statutory Information Protection Officer expressed that all systems including internal ones with external support should have a data processing agreement in place.

- 5.7 In addition to this, the agreements were checked in order to verify responsibilities regarding cyber security and assurance in terms of supply chain attacks. According to the regulations, article 32, although the data is processed by an external company, the Council is responsible for the data and therefore the processor is required to take measures to protect data against cyber-security attacks. It was found that not all agreements included conditions for protecting against cyber security attacks.
- 5.8 As part of the audit, checks were undertaken on compliance with article 35 of the UK GDPR by enquiring about the data protection impact assessment (DPIA) for new projects/processes established. It was found that not all selected projects required an impact assessment, this is dependent on the risk and the type of data being processed. Of those that appear to be processing personal data, 5 DPIA were confirmed to be available out of 15 possible systems.
- 5.9 Supplier procurement arrangements were checked to ensure that appropriate due diligence checks are in a place, in acting as the data controller. The current procurement arrangements ensure that there are certain conditions and questions that suppliers must meet when submitting a tender but ultimately the procurer is responsible for conducting the checks. No evidence was received that checks had been carried out/kept.
- 5.10 In addition, from the sample of agreements received, it was checked whether there was an audit/performance measurement clause in a place, where the Council can obtain assurance that the processor has implemented the appropriate measures or complied with the terms of the contract, or both. Most of these were found to contain conditions but no confirmation that they are implemented which means that no guarantees can be obtained that contracts comply with articles 28, 32, and 5(2) of the UK GDPR.

6. Actions

The Information Service is committed to co-ordinating/implementing the following actions to mitigate the risks highlighted:

- **Provide specialist training to raise awareness of DPIA and data processing agreements including the need to use the Council's data processing template, where applicable.**
- **Information Management Team with IT to coordinate with other services to identify a single central register of data processing activities.**
- **Review the conditional procurement questions to ensure they are sufficient for the protection of the Council's data.**
- **Issue instructions to departments to take ownership of their data by providing them with access to the information so that they can update any changes to the central list as needed.**
- **Consider conducting a sample of checks to the list on a regular basis to confirm its relevance.**

MANDATORY TRAINING

1. Background

- 1.1 The Council currently has 8 mandatory training titles (Data Protection, Safeguarding, Equality, Language Awareness, Violence Against Women, Domestic Abuse and Sexual Violence, Prevention, Health and Safety and Freedom of Information) which are expected to be completed by all members of staff.
- 1.2 Training can be completed by completing an e-module. In exceptions, depending on the requirements of the training they can also be completed face-to-face. The e-modules are available on the e-learning Portal and all officers have access to the modules via salary number as the user identification details.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place to ensure that officers complete mandatory training. To achieve this, the audit covered the reviewing the completion statistics for mandatory training, the availability of mandatory training and the Council's plans for ensuring that mandatory training is completed by Council officers in a timely manner.

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	7
LOW	0

5. Main Findings

- 5.1 Mandatory training is found available in the form of e-modules, but some training sessions are available through MoDS (Self-Service), which includes face-to-face sessions or more comprehensive e-modules.
- 5.2 The E-learning Officer expressed that the Learning and Development Service is supporting departments by creating a report of completion statistics for Safeguarding training to report to the Safeguarding Executive Group. The Designated Safeguarding Officers within the Safeguarding Executive Group are responsible for cascading the lists of individuals who have not completed the three mandatory modules under the Safeguarding umbrella which are Prevention, Safeguarding, and Violence Against Women so that they are completed.
- 5.3 In addition, a dedicated officer was appointed in November 2025 to support the services by visiting frontline sites to assist staff in completing the Safeguarding training.
- 5.4 The E-learning Officer monitors completion statistics for training via the Power BI dashboard. It shows clear data for each Mandatory Title, including numbers and percentages for the Council as a whole and for each individual Department. It is also possible to create a list of individuals who have not completed the training, broken down by Department or Service. This data is available to Heads of Services and Managers on request on an ad hoc basis, or access can be created for them to the dashboard. The Safeguarding and Domestic Abuse mandatory training statistics are now being presented at the performance challenge meetings and there are plans to extend this for all mandatory training in the future.
- 5.5 The Council recognises that there is a shortage in the numbers of frontline officers completing mandatory training, with the likelihood that the numbers are low due to a lack of access to a computer during working hours. Although salary numbers are used to access the training modules, it has been reported that many remain without an email address to allow for the training to be recorded, which may mean that the records/statistics being kept are not complete/up-to-date. In response, the Digital Sub-Group under the Gwynedd Digital Scheme is working on extending the provision of digital equipment, particularly to frontline staff.
- 5.6 The Learning and Development Hub on the intranet contains information on mandatory training and the Learning and Development manual states 'The requirement to complete the Mandatory titles is part of the working contract of each of us as members of staff of Cyngor Gwynedd. You can check if you have completed a Mandatory Title by going to My Employment Learning Program in the Self Service. The entry will be updated weekly. Completion record reports will be generated to various services as required. In addition, Managers can view their Staff's record on the 'Self Service'. Clear instructions setting out responsibilities and accountability for monitoring mandatory training were not in place. In addition, not all officers have access to a computer to check their Learning and Development Program.

- 5.7 Due to a lack of tools and ways to communicate with frontline staff, reliance is placed on managers to act and direct staff to mandatory training in accordance with the guidance Support for Frontline Workers, Mandatory Titles. Of the sample of staff checked from the Gwynedd Jobs System, 33% appear to have not completed mandatory training and those staff are in posts with no computer/frontline posts.
- 5.8 A sample of 50 staff training records were checked and it was found that 13/50 had no training record against their names and these appeared to be frontline workers or duties without access requirements to a computer such as kitchen assistants, carers and cleaners. 22 had not completed mandatory training with over 80% of these being frontline workers. The remainder, 15 who had completed it were a mix of office and frontline workers and likely with access to a computer in their job role.
- 5.9 It appears that an introduction to the mandatory learning and training programme is part of the introduction of new staff and in the welcome period pack for new staff. However, the Learning and Development Service reported that new staff introduction arrangements are inconsistent across the Council and therefore they are unsure if all new staff are receiving a full introduction and are aware of the need to complete the mandatory training as part of their probationary period, with some officers well into their careers before completing mandatory title training.
- 5.10 Learning and Development has three operational systems for recording training for staff. The E-learning Portal includes the training e-modules for staff while the Policy Centre is a separate system with a record of all Council policies. The E-learning Officer expressed that the data from these systems are uploaded to the MoDS Self-Service system on a weekly basis which generates the monitoring statistics. Because the Council's training and policies operate on different systems, it can cause confusion for staff to keep track of their progress and identify training that has not been completed.
- 5.11 It was asked whether the systems sends reminders for targeting officers who need to complete training, read a new policy or renew training and the response received was that the system acquired is basic and therefore the reminders are not part of the current package unless there is a decision to upgrade the package which will be an additional cost to the Council. However, with the Welsh Government providing statutory guidance on safeguarding training through the Safeguarding Training, Learning and Development Standards and Safeguarding Procedures Wales, which are based on the Social Services and Well-being (Wales) Act 2014, there is a requirement for Safeguarding training to be renewed to "Group A" every 3 years. This means that there will be a need for ways to identify training renewal dates as well as to remind staff of the date the training ends. The Talent and Apprenticeships Leader reported that they are considering upgrading the system and that there is a bid for more monies to upgrade the existing system. According to the Learning and Development Manager there will be a better understanding of what options are available once we understand the extent of the new i-Trent system.

5.12 It was questioned whether the list of mandatory training titles was now outdated and that recent training such as Cyber Security and Fraud Detection that meets the Council's principles needs to be included. It has been reported that the Council has a Learning and Development Panel which meets 2 times a year. The Talent and Apprenticeships Leader explained that there are tiers for deciding on mandatory titles. Mandatory titles usually support what the council needs to complete to meet legal duties, followed by core training followed by training for on-the-job development. The decision to include Freedom of Information as mandatory training was made at the last meeting in June 2025.

6. **Actions**

The Learning and Development has committed to implementing the following steps to mitigate the risks highlighted.

- **Introduce formal and clear instructions for identifying those responsible for monitoring completion of mandatory training and reporting to the heads of services so that the message can be cascaded through management lines.**
- **Consider upgrading the current system so that mandatory training that needs to be renewed can be identified and staff reminded to complete training that has not been completed/renewed.**
- **Discuss with Learning and Development staff from councils that use the iTrent system in order to understand the options available to address some of the issues identified in this report, for example the ability to issue reminders to staff to ensure updates are made in a timely manner.**
- **Include Mandatory Training completion statistics as part of Performance Challenge meeting's measurements.**
- **Consider regularly monitoring mandatory training completion statistics and reporting to Heads of Service where completion rates are low.**
- **Act on the requirement for officers to complete refresher courses every 3 years.**
- **Consider the possibility of requiring new staff to complete mandatory training at the start of their posts.**
- **Review induction arrangements by obtaining feedback from the various departments and put arrangements in place to try to achieve greater consistency in the induction of new staff across the Council.**

FIRE ARRANGEMENTS

1. Background

- 1.1 The Council owns several properties, including offices, schools, libraries and various other buildings, and it must ensure that workers and visitors are protected from fire. To this endeavour, the Council must follow the Regulatory Reform (Fire Safety) Order 2005 (amended 2023), which places a responsibility on the Council to ensure that appropriate fire safety measures are in place in its properties, including carrying out fire risk assessments, implementing suitable preventative and protective measures, and provide information, instructions and training

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the Council's fire management arrangements were appropriate. To achieve this, the audit involved reviewing the arrangements of the Safety and Compliance Team for visiting, inspecting, and reporting on fire arrangements for a sample of properties.

3. Audit Level of Assurance

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The impact of inadequate fire management arrangements can be serious, and for this reason it is essential that the Council follows the Corporate Fire Safety Policy by recognising its responsibilities as an employer, and it is committed to ensuring, as far as is reasonably practicable, the safety of its workers, as well as the safety of any other person who may be affected by fire hazards. Fire risks have been included on the corporate risk register.

- 5.2 Site managers have been appointed for each property, and they are responsible for creating and maintaining a safe day-to-day working environment at the site. The Housing and Property Department's Safety and Compliance Team visit the properties annually to carry out checks, identify deficiencies, arrange repair work, and offer support to the site manager. The Safety and Compliance Team follows the Regulatory Reform (Fire Safety) Order 2005 (amended 2023), which means that a thorough fire risk assessment must be carried out for each property whenever there is a change in use or site manager, followed by annual inspections.
- 5.3 A sample of 6 properties was selected from the Council's insurance database. The sample included offices of various sizes, a Youth Centre, a Library, and a Secondary School. Inspection records of the Safety and Compliance Team were reviewed for these properties, encompassing a wide range of fire management and prevention arrangements, as well as other matters such as legionella and asbestos.
- 5.4 One property was excluded from the sample as it is used and managed by an external organisation. At the time of the audit, no inspection report was available for one property because the visit took place in April 2025 and the staff member had since left before completing the report. Reports are expected to be submitted within six weeks of the visit. For three other properties, it was found that thorough inspections had been carried out and that findings and recommendations had been made. Some of the recommendations included receiving and recording fire training, arranging Portable Appliance Testing for electrical equipment, removing obstructions from evacuation points, and placing fire procedure notices in appropriate locations. Some Internal Audit Service visits of external establishments such as care homes also include fire management elements, and findings have included failures to carry out and record equipment tests as frequently as expected. The Corporate Health & Safety Team also visit properties to review the contents of their blue boxes, namely the property's fire test records, fire plan etc
- 5.5 It was found that Site Managers had been designated for each property in the sample. A Site Management training course is available which provides the necessary knowledge and skills for managers to deal with health and safety matters relating to fire, among other topics. Although all site managers in the sample had attended the course (except one who had recently been appointed), training records in MODS suggest that a considerable amount of time can pass before attending the course after being appointed to the role. Refresher courses are available to remind managers of the arrangements, and if the managers have not completed the refresher course within 3 years, they must retake the original course.
- 5.6 A Fire Awareness e-module is available on the e-Learning Portal, but it was noted that several site managers had not completed it, nor had they read the Corporate Fire Safety Policy. Completing the module and accepting the policy is something every member of staff should do, but it is recognised that the Site Management course surpasses the e-learning module.

- 5.7 It is the Site Manager's responsibility to act on the Safety and Compliance Team's recommendations, but progress is not followed up until the next annual visit. However, some of the actions are the responsibility of the Housing and Property department, and the department says that they prioritise these actions based on risk.
- 5.8 Departmental Health and Safety forums are a good opportunity to discuss fire related matters, and the Finance Department has already discussed and circulated an email encouraging staff to read and complete the Fire Awareness e-learning module, as well as committing to discuss PAT testing, which, according to the Council's Portable Electrical Appliance Testing Procedure, is the responsibility of the department, although this does not appear to be widely known.
- 5.9 For the final property in the sample, the Pencadlys offices, the most recent inspection records, September 2023, were received. No inspection has been carried out since then due to ongoing work, such as office moves and the redevelopment of the former reception area. Normally, this would require several thorough fire risk assessments for each change, but the Safety and Compliance Team has decided to work collaboratively with the offices team while the work continues, and the fire risk assessment is intended to be carried out soon. However, the Corporate Health & Safety Team is of the opinion that periodic assessments should have taken place.
- 5.10 Following a meeting of the Corporate Forum, weaknesses in the arrangements for evacuating the main offices in a fire emergency were highlighted. The risk is included on the corporate risk register and is one of the weaknesses highlighted in the 2023 audit. This stems from the fact that offices of this size require fire marshals to be responsible for identifying who is present on the day, but hybrid working is undermining the effectiveness of the current arrangements..

6. Actions

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

- **New Site Managers to attend a Site Management course as soon as possible, together with ensuring that they attend refresher courses within 3 years.**
- **Health and Safety Forums to try and encourage everyone, especially Site Managers to complete the Fire Awareness e-module and read the Corporate Fire Safety Policy.**
- **Departmental Health and Safety Forums to remind departments to arrange PAT tests.**
- **Complete reports within 6 weeks of the visit.**
- **Escalate serious weaknesses, or those which are regularly highlighted to the Site Manager's Line Manager.**
- **Carry out a fire risk assessment on the Council's Headquarters.**

SAFEGUARDS FOR DEPRIVATION OF LIBERTY

1. Background

- 1.1 Deprivation of Liberty Protection Arrangements (DoLS) provides a legal framework under the Mental Capacity Act 2005 to protect individuals who lack capabilities and are deprived of liberty. These safeguards were introduced in 2009 and expanded following the Cheshire West ruling in March 2014 and aim to ensure that such arrangements are lawful and in the best interests of the individual.
- 1.2 The Liberty Protection Safeguards (LPS) were introduced in the Mental Capacity (Amendment) Act 2019 and will replace the Deprivation of Liberty Safeguards (DoLS). The Welsh Government consulted on draft Regulations for Wales to gather stakeholder views on the proposed approach to be adopted for the LPS while the UK Government consulted on draft Regulations for England. The UK Government has also consulted on a draft Code of Practice which will apply to England and Wales.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable planning and preparation arrangements were in place to respond to the new requirements of the Liberty Protection Safeguards (LPS) which will replace the Deprivation of Liberty Safeguards (DoLS), as well as checking if there are appropriate arrangements in place for operating on the current DoLS referrals. To achieve this, the audit covered ensuring that adequate arrangements were in place for the new regime and review a sample of DoLS referrals to provide an assurance on arrangements.

3. Audit Assurance Level

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

Assurance Level	Description
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 The last audit was carried out in 2022 and reported that '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'. The following risks were identified in the Safeguards of Liberty audit report 2022/23:

Risk 1 - Failure to prepare for the revised changes may result in the Council failing to provide an appropriate service and safeguard and protect vulnerable/at-risk individuals. This risk was highlighted on the basis of a failure to prepare for a change in legislation. The UK Government's target date for the implementation of the LPS and the Mental Capacity (Amendment) Act 2019 had not been confirmed at the time. The Welsh Government announced in April 2023 that the UK Government had announced their intention to step away from the introduction of the LPS and implement the Mental Capacity (Amendment) Act 2019 (the 2019 Act). However, the Welsh Government provided £8m of funding in 2022/23 to support preparations for the LPS. As the regulations and Code of Practice have not yet been finalised, a significant amount of that funding has been used to provide training on the Mental Capacity Act and to manage the existing DoLS system. The UK Government gave an update on the issue in October 2025, stating that it will consult on the introduction of the LPS, alongside the code of practice of the Mental Capacity Act 2005.

Risk 2 - The Council is penalised for non-compliance with legal Laws relating to DoLS. The conclusion was based on the fact that a large backlog of DoLS applications existed and none were completed within the 21-day legal timeframe. Since, a DoLS Co-ordinator was appointed in 2022/2023, and the process has been reviewed and several new procedures have been introduced which have reduced the backlog of DoLS applications. This is reflected in the DoLS assessment completion statistics which appear to have increased in the last 3 years as follows:

Year(s)	2023	2024	2025
Total DoLS applications/assessments Completion	198	203	348

5.2 From the assessments checked, it appears that all contain documents loaded onto the electronics files on WCCIS with an assessment by the Doctor, the Best Interest Assessors and the approval.

5.3 While average implementation dates remain over the legal timeframe, including urgent requests, it appears that the percentage of assessments completed has increased. The Coordinator expressed that the applications are prioritised on an age basis, implementing claims under the age of 90 first rather than going on the date of the application was received. Even though the Service is not implementing in compliance to the legal timeframe which means they are at risk of fines, the issues is not isolated to the Council, the problem exists across the country.

However, the Service is committed to managing the risk by prioritising the applicants of younger ages, as from experience, it is believed that applicants of older ages (90+ years) are likely to be in residential care for an extended period, have relocated from their homes due to safety reasons or possibly without a home and are therefore not urgent applications. In addition, it was noted that applications with a relevant person representative (RPRs) through an agent/paid are more likely to refer the application to the court than those that have family members/relatives as a representative.

- 5.4 Due to the postponement of the implementation date of LPS, it was accepted that no plans had been put in place for preparation for the implementation of LPS until a target date of implementation had been determined.
- 5.5 The Coordinator was found to be accountable to the Assistant Head of Safeguarding, Quality Assurance, Mental Health and Community Safety and responsible for receiving, arranging, directing and distributing DoLS applications received through the Service's mailbox. It was seen that the applications were uploaded to the WCCIS system by the Administrative Assistant and the operational status was updated by the Coordinator. There were several stages where the Coordinator has complete control over the operation and information. With so few experienced staff and limited resources, there is a risk of over-reliance on one officer, until they are able to train new officers for the role. In addition, there does not appear to be a staff manual for implementing DoLS processes in place that adds to the risk of overdependence. Due to the limited resources, there are shortcomings in the controls such as failure to act on segregation of duties when approving invoices and examples have been seen where an officer has prepared and approved payments to themselves.
- 5.6 It appears from verifying a sample of payments made through the Payments Service that some payments have been made to Council staff. The Coordinator explained that these are payments for best interest assessments carried out by social workers outside of their working hours, as well as those carried out by the Coordinator herself. The Coordinator explained, with a shortage of assessors, that the process was introduced to clear the DoLS backlog. The Coordinator expressed that she is responsible for directing assessments to staff but is anticipated to end after March 2026. Following new appointments of two Best Interest Assessor Officers and training arrangements put in place, it is anticipated that additional staff will not be needed to carry out assessments outside of their working hours. However, tax implications must be considered if any similar payments are made in the future.
- 5.8 The Coordinator keeps a list of assessments that have been carried out by Doctors and Best Interest Assessors, and also if the application required procurement of an advocate or independent representative. The payments can therefore be reconciled back to the list of the Coordinator's assessments. However, the Coordinator explained that regular checks and reconciliations of payments are not being carried out which can mean that there is a possibility of duplicate payments being paid without staff knowledge.

6. Actions

The DoLS Service is committed to implementing the following actions to mitigate the risks identified:

- **The Service is continuing with new arrangements in place and staff training to reduce the number of backlog applications.**
- **Train staff to relieve some of the Coordinator's responsibilities from over-reliance on one member of staff. Segregations of duties can then be established for processing payments and maintaining reconciliations.**
- **Any payments from assessments conducted by staff are subject to tax.**

FLEET – FUEL CONSUMPTION

1. Background

- 1.1 The Council's fleet assists various departments in providing a wide range of services to the people of Gwynedd, including waste collection and road maintenance, and this is managed by the Fleet Service. The fleet includes electric cars, fossil fuel vehicles, vans, minibuses, and waste collection lorries.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that the Council's vehicle fleet was safe and that their use was effective. To achieve this, the audit covered reviewing the systems in place, the monitoring reports and outputs produced, reviewing policies for compliance, tender arrangements, and ensuring that licensing, safety inspections and insurance arrangements were appropriate, as well as ensuring that proper arrangements for fuel management were in place.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	6
MEDIUM	1
LOW	0

5. Main Findings

- 5.1 The fleet Service relies on two main systems for vehicle management, along with two separate systems to monitor and manage fuel use. At the time of the audit, it was found that the fleet tracking system was in the process of being further developed to integrate new tracking units that will be installed on vehicles in the near future. There is an intention for the new system to be integrated with other systems, in order to provide a more comprehensive picture of fleet operations.

- 5.2 It was observed that the fleet vehicle tracking system automatically sends emails to managers on the system to notify them when employees are speeding. When reviewing the report from the system for the period between 19 October 2025 and 19 January 2026, around 1,000 cases were seen where drivers had travelled 60% or more over the speed limit. It was noted that some individuals appeared multiple times, but it was discovered that the system occasionally showed errors, which limits its reliability. The Fleet Manager was asked about the use of these reports and explained that it is the responsibility of Service managers to address these issues with their employees, and there is no assurance that follow-up actions are taken or any practical use is made of the information. It was explained that there is an intention to have an individual profile for each driver in the future, including a risk score and a record of any offenses. This will enable the Service to identify drivers who need intervention, training, or further support.
- 5.3 No other reports, except for cases of speeding, are generated from the system. As a result, and unless individual monitoring is carried out on every driver, it is impossible to confirm whether a driver has been driving for too many hours, or if there is personal use outside of work, etc.
- 5.4 The Fleet Manager confirmed that it is not possible to turn off the tracking units in the vehicles, but that several of the tracking units had failed. The fleet tracking system was checked and it appears that at least 88 vehicles have not been tracked since 2023 or earlier, suggesting that these are unlikely to be operational.
- 5.5 It has been noted as one of the Fleet's policies; "An employee who drives on Council business is responsible for always using an identification card when using one of Cyngor Gwynedd's vehicles and presenting their driving licence as required." The fleet tracking system was checked for the First week of February 2026, and it was found that there were over 150 instances where no identification card was used.
- 5.6 Several policies are available relating to fleet vehicles, such as 'Safe Driver', 'Safe Vehicle', 'Safe Journey', 'Refuelling Vehicles', and the 'Fleet and Occupational Road Risk Policy'. Responsibility lies with the Service Managers to ensure that staff read them, but there is no certainty that this happens. It was explained that the intention is to place the policies on a tile on the intranet to ensure easier access to them.
- 5.7 A sample of 10 vehicles was checked from the fleet asset system, and it was found that each had received a safety inspection within the year, with a current MOT test.
- 5.8 The procedure for dispensing fuel from the Council's supply into vehicles was checked, and it was found that each vehicle has an individual fuel tag. Drivers need to present the tag to the sensor on the fuel system and enter the current odometer reading. The Fleet Manager confirmed that the 'Jigsaw' fuel system checks and identifies that the reading is correct using the information stored from the last time the vehicle was refuelled. This control prevents drivers from deliberately under-declaring, but some cases were seen where inadvertent errors are made and it is necessary to contact the Fleet department to resolve them.

- 5.9 The 'AllStar' fuel system is used for staff who use an external fuel supply. In such cases, a bank card linked to the vehicle must be used to fill up with fuel, paying with a unique PIN. Drivers can enter any amount of fuel. Reports are sent directly to the Finance department, and retrospective checks are carried out in all cases. The Fleet Manager confirmed that he approves requests made through the bank cards, but the Fleet Service intends to merge this system with the 'Jigsaw' system to ensure a more consistent process and the ability to automatically raise any issues.
- 5.10 A sample of 5 trips/vehicles was checked in order to verify the recorded mileage and fuel taken. There were no records available in the fuel system for 1/5, but the other 4 were checked
- 5.11 The Council has begun using the external company DAVIS to carry out regular checks on driving licenses. It appears that only the Highways, Engineering, and YGC department, together with parts of the Environment department, have started implementing these new arrangements, due to higher risk factors associated with the use of heavy vehicles, but the hope is that all departments will adopt this system in the near future.
- 5.12 It appears that there is no system for managing and monitoring electric vehicles. As a result, the current arrangements suffer from unclear responsibilities, lack of oversight, and clear accountability. Information on charging is available on the Swarco system, but no officer monitors the information. There are no messages on the system, and no tracking units are currently installed on the electric vehicles, although these are being developed by the IT Service along with the new tracking units. There was no current list of all charging points available for the entire Council, and it appears that a number of charging points in schools have not been connected and therefore not being used.
- 5.13 There is no right to make any personal use of the Council's fleet vehicles. However, some officers take the vehicles home, depending on the requirements of their jobs. It is the responsibility of managers to monitor the use of the vehicles, and due to the current lack of monitoring, there is a risk that some users may make personal use of the vehicles.
- 5.14 Several of the Council's fleet vehicles have been informally allocated to specific departments. However, not every vehicle is used every day, and cars are often seen parked unused. As a result, when a staff member from another department requests a vehicle, the Fleet Manager must hire a vehicle for them, even though other vehicles are available but not being used. This can lead to unnecessary additional costs for the Council. The Fleet Manager has prepared a document on a new model to monitor the usage levels of each vehicle to ensure that the services truly need the vehicles, but no further discussion has taken place with Senior Officers so far

6. Actions

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

- Establish a new vehicle tracking system (including a platform and new units), and incorporate it as part of the Council's Fleet Management System.
- Ensure that driver identification arrangements are addressed when upgrading the tracking system and installing new equipment.
- Establish robust monitoring arrangements for overrun reports and establish guidelines for managers.
- Publish a new tile on the Council's intranet that includes the policies and procedures of the Fleet Service.
- Identify who is responsible for vehicle charging systems by establishing clear ownership and responsibilities, along with developing tracking systems to include electric vehicles.
- Review and discuss the Council's vehicle financing models and set expected usage levels.

STREET CLEANING OVERTIME FOLLOW UP

1. Background

- 1.1 An Internal Audit of Street Cleaning Overtime was carried out as part of the 2024/25 plan, to ensure that suitable arrangements were in place for administering street cleaning and street bin emptying timetables in Gwynedd, as well as verifying processing arrangements and validating overtime requests. A limited level of assurance was given to the audit, that is to say, 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 accomplish this, the audit covered the verification of records and supporting documentation.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The 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 14 actions agreed from the original audit, 9 were found to have been implemented, the conclusions are reported below. As a result, a revised agreed action plan was presented. It is noted that the Street Services Manager has retired since the full audit, with the CCTV and Street Scene Manager having taken over his duties.

- 5.2 It was reported that the service was very disappointed with the new 'Bartec' system. It was discovered a few months ago, before the system was operational, that it would not meet their requirements in terms of optimizing operations. It was confirmed that they were assessing different options to best fit the requirements of the service. However, it was noted that their work with 'Bartec' was not a complete waste, and that an interactive map identifying all the service's assets is now in their possession.
- 5.3 The timesheets of employees from all areas were checked for the period June 16th 2025, up to July 31st 2025, which is a period similar to that reviewed in the full audit. Workers in the Meirionnydd area were found to continue to start work before 5:00 a.m., which is contrary to Health and Safety requirements, with some starting as early as 3:00 a.m. The CCTV and Street Scene Manager confirmed that he had reminded the workforce not to do this verbally in October 2025, and again in writing during the Christmas period.
- 5.3 Similarly, there have been several occasions across the areas of staff members not confirming start and end times, with a number of timesheets not approved. It was also found that there is no distinction of duties when approving Team Leader timesheets in Caernarfon, where the signature of the member of staff and the approver is identical. A review of the Team Leader's payslip for July 2025 revealed that overtime had been paid at different pay rates, as expected, with any cleaning work being paid on the scale of 'Cleaner' not 'Team Leader'.
- 5.4 It was agreed in the full audit to trial changing the frequency of cleaning of some areas to reduce the demand for overtime. It was explained that this had happened in Dwyfor, Bangor, and Meirionnydd, but that it was not a success, with litter accumulating, and residents complaining, so they had to return to the normal cleaning schedules. Nevertheless, the CCTV and Street Scene Manager confirmed that alternative arrangements were planned
- 5.5 Although it was possible to purchase a second truck for waste collection, eliminating the need for 12-hour shifts, it was explained that the service's budgets did not allow for the purchase of a vehicle capable of separating recycling waste. To avoid exacerbating the problem, it was noted that the service is no longer installing recycling bins on the streets of Gwynedd.
- 5.6 It was reported that the service now has a Group Accountant, and that they meet, and receive reports monthly. The service was found to have been successful in their bid to increase the staffing budget to include members of staff who had not been considered in the budget at the time of the full audit.
- 5.7 Compared to 2024/25, overtime expenditure in 2025/26 in the Arfon area was found to have decreased by £16,305, Meirionnydd by £20,067, and Dwyfor by £16,461, with 2025/26 staff overspend projected to be around £88,558 compared to an overspend of £275,305 in 2024/25.

5.8 While there is some work to be done to procure an effective system, and to tighten the monitoring arrangements for requests for overtime, it seems that the service has been successful in their efforts to reduce overtime expenditure without compromising the quality of work.

6. **Actions**

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

- **Ensure that the Service acts upon the current operational tracking system, creating regular monitoring reports for data analysis and ensuring their appropriateness in terms of effective and efficient operation.**
- **Establish arrangements to monitor that staff do not start work before 5:00 a.m.**
- **That any overtime requests are checked for accuracy, and appropriately approved.**
- **Consider alternative options to enable the purchase of a vehicle that will allow the separation of recycling waste.**

CATEGORY MANAGEMENT - ENVIRONMENT FOLLOW UP

1. Background

- 1.1 An Internal Audit of Environmental Category Management was carried out as part of the 2024/25 plan, to ensure that the Council spends public money in a strategic and appropriate manner. To achieve this, the audit included a review of a sample of contracts to examine the Council's development of environmental category plans and to confirm that the Category Team prioritises value for money and retains benefits locally.

2. Purpose and Scope of the Audit

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

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Four actions were agreed as part of the original audit in April 2025, one with a risk score of 6, two with a risk score of 12, and one with a risk score of 9. It was found that the actions had been partially implemented and the findings are reported below, however, ongoing work is in place to develop systems in order to prioritise value for money and retain benefits locally. As a result, a revised agreed action plan was prepared.

- 5.2 The original internal audit identified that one of the risks to be mitigated was a failure to properly maintain and manage a register of all contracts to ensure they receive timely attention. The service intended to transfer all contracts to the K2 system so that contract status could be monitored, including identifying when relevant documents need to be renewed. However, the K2 system has not yet been fully developed, and the Highways, Engineering and YGC Department is currently the only department using it. It does not appear likely that development of the K2 system for use by other departments can begin for several months due to departmental workload. As a result, the Environmental Category Management Team decided to begin trialling a PowerApp system to monitor accreditations of contracted companies and their subcontractors, to ensure company details remain up to date. The intention is for the PowerApp system to go live by April 2026.
- 5.3 To date, the Environmental Category Management Team has transferred a list of subcontractors to the PowerApp system, along with the Tree Management framework as a starting point. Further work is required to fully develop the system, and a significant amount of time will be needed to input all relevant information and contracts. Once completed, the system will allow access to company contact details, contract status, accreditations, start and end dates, records of social benefits, insurance details, and any essential documents that require renewal. The system will flag expired documents and send automatic email notifications to companies. It is intended to establish a tile for each contract on the PowerApp system and share these with relevant departments once the system is fully implemented.
- 5.4 During the original audit, the Environmental Category Management Team intended to transfer all arrangements to the K2 system. However, it now appears that the K2 system is not suitable for all frameworks and contracts across all departments. Although the Highways, Engineering and YGC Department currently uses the K2 system, it requires individual licences, which can create barriers for managers in other departments. In contrast, the PowerApp system can be shared with all staff without such restrictions.
- 5.5 Another risk raised during the original audit was the potential failure to comply with the new Procurement Act 2023, which came into force in February 2025. The Act introduced several requirements to be embedded within processes, along with mandatory training for staff. The training status of members of the Environmental Category Management Team was reviewed, and evidence was received that one member of staff had completed the Government's "Transforming Public Procurement" course, with another officer currently working through the modules. However, one member of staff had not yet started the training due to absence but intends to begin the training in March 2026. In addition, the Category Team Manager has arranged for the Environmental Category team to attend further training (Pass Procurement) once a date becomes available.

- 5.6 Following a request from the Highways, Engineering and YGC Department, a training session was delivered to the Department's Management Team on 17 July 2025. Evidence was seen that the session provided information on the Council's procurement rules and arrangements, ensuring that all attendees had the same basic understanding of procurement. The session also highlighted the changes introduced by the Procurement Act, ensuring staff were aware of the new arrangements now in force. The Procurement Service confirmed that it is willing to provide this training to any team that requires it, and the Highways, Engineering and YGC Department has requested further sessions. The Procurement Service is currently developing a presentation for the Highways and Engineering teams, with the intention of delivering sessions shortly. YGC has also requested a further presentation, and a session has already been delivered at the beginning of February.
- 5.8 Corporate training is also underway, including the "Procurement and Contracting" training available on the Council's Learning and Development Framework. The Procurement Service confirmed that consultation with the Category teams will take place prior to the session, so that they are aware of and familiar with the content and can provide relevant comments and input. In addition, "Social Value and Sustainability" training is being provided to procurement officers, and the Category Management Team has already attended one of these sessions. The intention of the Procurement Service is to develop more training in the future to strengthen procurement understanding and skills across the Council.

6. **Actions**

The Environmental Category Management Team and the Procurement Unit have committed to implementing the following actions to mitigate the risks identified:

- **Analyse expenditure to obtain a complete overview of contracts for the purposes of the full work programme.**
- **Continue to develop the PowerApp and K2 systems so that they are fully operational, and agree which contracts are most suitable for each system before transferring all contracts and associated monitoring activities.**
- **Arrange for all members of the Category Management Team to undertake and complete the Government's "Transforming Procurement" e-learning modules in a timely manner.**
- **Continue to develop further training in the future to improve procurement understanding and skills across the Council.**
- **Conduct random checks on a sample of contracts to ensure that the correct procedures have been followed and provide corrective action or intervention where appropriate.**

BANGOR CREMATORIUM

1. Background

- 1.1 Bangor Crematorium works with funeral directors to provide a professional service for families during difficult times. As the only crematorium in Gwynedd, it is open every Monday to Friday, and on Saturday mornings on request.

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 management and maintenance of Bangor Crematorium in accordance with relevant regulations and standards. To accomplish this, the audit encompassed visiting the crematorium and reviewing that arrangements were adequate in terms of administration and staffing, receipt of income, and health and safety.

3. Audit Assurance Level

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve objectives but there are aspects where 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	3
LOW	0

5. Main Findings

- 5.1 The crematorium was visited on Thursday, 5th February 2026, in the presence of the Crematorium Team Leader. The establishment was well presented and the staff friendly and helpful. The cremation room was being renovated, with 2 new cremators installed and a new office created. As expected, the area was somewhat dusty, but this did not affect the operations of the crematorium, with the cremators, equipment and implements, and the preparation areas clean and orderly.

- 5.2 It was found that the crematorium's Visitors' Book was not located at the main entrance, but rather in the kitchen/staff room, located at the rear of the building. For access, a code must be entered at the door, with all staff members aware of it. It is noted that this door also allows access to the cremation room. On the morning of the visit, it was found that the door was not locked, and that it was possible for anyone to gain entry. It was explained that the door was kept open to allow access to the contractors working in the cremation room. It was confirmed that the door would be locked before the first service of the day, when the public would be on site. The door was found to be locked by the first service. As for the Visitor Book, although several visitors have signed it in the last month, the contractors working on the site do not. At least 3 workers were seen during the visit. It was suggested that the Crematorium Team Leader ask the contractors to sign the book from now on, considering moving it closer to the main entrance - it was agreed that the book be relocated to the office near the main entrance.
- 5.3 The training records of all staff at the crematorium were checked on the Gwynedd Jobs System prior to the visit. It appears that no one had completed fire training in the last 5 years, and only the Crematorium Team Leader has current First Aid training. Certificates were seen during the visit confirming that everyone had completed fire training in November 2025, and that the Administrative Assistant had recently completed First Aid training. The Crematorium Team Leader explained that members of staff had experienced difficulties in the past where training records, payslips etc were not updated on Cyngor Gwynedd's systems.
- 5.4 Only two of the crematorium's staff have completed most of the Council's mandatory E-learning modules, with none having accepted the Safeguarding policy. It was clarified that neither the Technicians nor the Caretaker have an email account to access the E-learning Portal or the Policy Centre, but that this will have to be arranged soon to be able to operate the new cremators. As for the rest of the staff, the Crematorium Team Leader confirmed that he would arrange for them to complete the modules and receive policies as soon as possible. By the time the Final Report was released, it was found that the Technicians had all received an email account.
- 5.5 It was found that the crematorium does not have a Fire Management Plan, and that tests on the alarm and fire extinguishers are not carried out in a timely manner on all occasions. The Crematorium Team Leader was surprised that a Fire Control Plan was not present in the blue box. However, it was clarified that the plan would have to be reviewed soon after the completion of the constructive work. Following the release of the Draft Report evidence was seen that the Municipal Asset Manager had shared the current plan with the Property service for review since July 2025, but no response was received. It was assumed at the time that the Property service reviewed the plan, placing a copy in the blue box, until the Auditor discovered that it was not present.

It was confirmed that the Municipal Asset Manager had contacted the Property service again following the audit to request an update, and in the meantime, had arranged to print a copy of the plan for the blue box.

- 5.6 Prior to the visit, a sample of 10 crematorium income transactions was selected between period from April to December 2025. 1 was disregarded as it was a payment relating to the cemetery and not related to a specific cremation. The accuracy of all relevant paperwork was reviewed, both internally and statutory, from the beginning of the process to the end, i.e. from receipt of an order from the funeral directors to receipt of payment and collection of ashes (where applicable). As expected, there are several forms to be filled, evidence needed, statements to be signed, necessary authorizations, and detailed record keeping involved. Apart from a failure to confirm cremation fees on one form (presumed acceptable given that the information was repeated on several other documents), the crematorium staff were found to be diligent, thorough, and took considerable pride in their work. All cremations in relation to the sample were well documented, with all relevant paperwork kept together. All documentation had been received within two days of the cremation, as expected, with the cremation itself having taken place on all occasions on the day of the service, payment having been made, and the ashes having been collected within a reasonable timeframe. On several occasions during the visit, staff would chat with funeral directors over the phone and face to face. On each occasion the conversation was respectful, but also friendly, a testament to the close working relationship developed over the years.

6. Actions

The Crematorium Team Leader is committed to implementing the following actions to mitigate the risks identified:

- **Ensure that any doors leading to restricted areas, e.g. the cremation room, are tightly always locked.**
- **Relocate the Visitor Book closer to the main entrance, ensuring that all visitors, including contractors, sign in and out.**
- **Remind staff to complete the Council's mandatory E-learning modules and to accept policies, arranging email addresses for any staff who need them.**
- **To make enquiries as to why the training of crematorium staff is not recorded on the Gwynedd Jobs System on all occasions.**
- **Ensure that, following the completion of the renovations, a new Fire Management Plan is drawn up, and kept in the blue box.**
- **Arrange for fire tests to be carried out in a timely manner on occasions when the responsible person is absent from work.**

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	21 MAY 2026
TITLE	HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025/2026
PURPOSE OF THE REPORT	THE HEAD OF INTERNAL AUDIT'S CONCLUSION ON THE OVERALL CONTROL ENVIRONMENT WITHIN THE AUTHORITY
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT

1. INTERNAL AUDIT'S PURPOSE

1.1 The purpose of the Internal Audit Service is:

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 organization's ability to create, protect and sustain value by providing the Governance and Audit Committee with independent, risk-based, and objective assurance, advice, insight, and foresight.

2. GLOBAL INTERNAL AUDIT STANDARDS AND THE APPLICATION NOTE: GLOBAL INTERNAL AUDIT STANDARDS IN THE UK PUBLIC SECTOR

2.1 The Application Note section 10B, Overall conclusions and annual reporting states:
"GIAS 11.3 (Communicating Results) references the possibility that a chief audit executive may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control."

- 2.2 The purpose of this annual report is to provide the Council with an annual internal audit conclusion and to support the Annual Governance Statement. In giving my conclusion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in the whole system of internal control.
- 2.3 In assessing the advice given, I have considered all audits relevant to 2025/2026 and any follow-up action taken in respect of audits from this and previous periods.
- 2.4 The work plan for Internal Audit for the financial year 2025/2026 was presented to the Governance and Audit Committee on 22 May 2025. The annual internal audit plan was fluid in order to reflect any emerging issues or changes to risks and priorities of the Council.

3. OVERALL ASSURANCE

3.1 The Head of Internal Audit's annual conclusion is based on three aspects of the Council's arrangements:

- Governance
- Risk Management
- Internal Control

3.2 The results of the work conducted by Internal Audit, taken together with other sources of assurance, support the annual conclusion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control.

3.3 Considerations

My annual conclusion is based on evidence from the range of audit work conducted across the Council. The value provided by Internal Audit is in the detailed work conducted and the information and advice provided to service managers on internal controls, processes and procedures, and in the assessment of the actions required to mitigate inherent risks to an acceptable level. In forming my opinion, I have taken into consideration the internal engagements undertaken by the Internal Audit Service during 2025/2026 and reflected upon my experience within my role in Internal Audit over the previous years and my judgements about the calibre and actions of the Corporate Management Team, Management Group and Senior Managers. To support my overall conclusion, I have used evidence provided by external regulators to support my conclusion for the year.

In giving my annual conclusion, I have taken into consideration:

- Overall, good internal control was found within each of the Council's services examined.
- All Council departments have built on previous work to continue the development of their risk assessment arrangements. A report prepared by the Head of Finance was presented to the Governance and Audit Committee on 11 September 2025 to provide an update on developments in the risk management area, the next implementation steps to further strengthen the risk management arrangements.
- The 24 governance risks (of which there were 6 high risks and 9 medium risks) as identified in the Annual Governance Statement (as approved by the Governance and Audit Committee on 11 September 2025) are continually assessed by the Governance Arrangements Assessment Group.
- Where significant control weaknesses were found, these matters were resolved by the Council's officers, the Controls Improvement Working Group or otherwise by the Governance and Audit Committee.
- The Authority has received a number of reports from regulators during 2025/2026:
 - Annual Audit Summary 2025 – Auditor General. The report states ***"I concluded that the Council's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them...I issued the certificate confirming that the audit of accounts for 2024-25 was completed on 19 November 2025"***.
 - Annual Audit Summary 2025 – states that ***"the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with my knowledge of the Council"***.

From the analysis of the audit work completed during 2025/2026, several overarching managerial themes have emerged across the Council's services. Mainly, these include inconsistent compliance with established controls, lack of monitoring and managerial oversight in some areas, and weaknesses in the recording and documentation of processes and decisions. It was also noted that some services face challenges in terms of capacity and resources, which can affect the consistent implementation of controls. These themes have contributed to the relatively high proportion of audits that have received a "Limited" assurance level during the year and highlight the need for a sustained and coherent corporate focus on strengthening internal control arrangements.

3.4 Annual Conclusion

On the basis of Internal Audit work completed during 2025/2026, in my opinion Cyngor Gwynedd's system of internal control during the financial year 2025/2026 operates to a level which provides reasonable assurance on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control. This is based on the coverage that has been achieved during the year, together with the adequate and relevant evidence gathered through those reviews, and this is intended to support the Annual Governance Statement.

However, in formulating my opinion, several areas were identified where internal control weaknesses persist, particularly with respect to consistency in the implementation of controls, managerial oversight, and recording and documentation standards. These issues are reflected in the relatively high proportion of audits that received a "Limited" level of assurance during the year.

While these weaknesses do not undermine the overall conclusion of reasonable assurance, they highlight the need for a continued corporate focus on strengthening internal control arrangements and on ensuring that controls are consistently implemented across the Council's services. If these issues are not properly addressed, they can increase the risk that service objectives will not be effectively achieved.

4. **AUDIT WORK**

Audit Plan

- 4.1 A total of 49 assignments were contained in the revised audit plan for 2025/2026. Of these, 43 were completed by 31 March 2026 which represents **88%** of the plan. For the purposes of this measure, an assignment is counted as being completed when the draft report or final report or memorandum has been released or, if the assignment has been closed and no further time is expected to be spent on it. The performance ambition was 95%.
- 4.2 The audits from the 2025/2026 plan that have contributed to the conclusion contained in this annual report are listed in Appendix 1.
- 4.3 Where relevant, internal audit reports are provided with an assurance level which is based on an evaluation of the internal control environment and the number of risks identified together with their risk score. The current risk score are categorised in one of four risk categories:

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

4.4 The general assurance levels of audits will fall into one of four categories 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.

4.5 The aim of every agreed action within the reports was to strengthen internal controls that mitigate operational risks, and to establish best practice.

4.6 Of the 43 assignments completed in the 2025/2026 audit plan, the following assurance categories were expressed:

Assurance Level	Number of Audits
High	5
Satisfactory	15
Limited	19
No Assurance	0
No Category	4
Total	43

4.7 Of the reports relating to 2025/2026 that were given an assurance level, 51.28% (20 out of 39) obtained an assurance level of “Satisfactory” or “High”.

4.8 19 audits (48.71%) received “Limited” assurance and no audit received a “No Assurance” level.

4.9 The full reports are presented to the Governance and Audit Committee after the final report has been agreed with the client and issued. Where a memorandum is issued rather than a full report, and where there is no assurance category, the Governance and Audit Committee is presented with a summary of the findings of the relevant audits where appropriate.

- 4.10 The table below shows which meeting of the Governance and Committee has received the details of audits from the 2025/2026 plan. The dates of the relevant meeting of the Governance and Audit Committee are also shown in Appendix 1.

Date of release of Draft or Final Report/ Memorandum	Date of Report to the Audit and Governance Committee
1 April 2025 – 28 September 2025	9 October 2025
29 September 2025 – 25 January 2026	3 February 2026
26 January 2026 – 31 March 2026	21 May 2026

Revisions to the Plan

- 4.11 Revisions to the audit plan were reported to the Governance and Audit Committee during the year.

Follow-up Work

- 4.12 In 2024/2025, 15 reports received “Limited” assurance and no audit received a “No Assurance” Level. Due to a lack of resources, it was decided to conduct follow-up work on reports that received a “Limited” assurance. Reports on the results of the follow-up work were submitted to the Committee in accordance with the request of the Committee. See below:

Audit 2024/25	Follow-up Assurance Level	Date Presented to Committee
Freedom of Information	Satisfactory	3 February 2026
Whistleblowing ¹		
School Transport	Satisfactory	21 May 2026
Breakfast Clubs	Limited	21 May 2026
School Transportation	Limited	21 May 2026
Arrangement for the Distribution of Bins	Satisfactory	3 February 2026
Category Management - Corporate – Follow-up		
Plas Hafan	Satisfactory	3 February 2026
Llys Cadfan	Satisfactory	3 February 2026
Plas Pengwaith	Limited	3 February 2026
Street Cleaning - Overtime	Satisfactory	21 May 2026
Category Management - Environment	Limited	21 May 2026
Housing Support Grant	Satisfactory	3 February 2026
Homelessness Prevention Grant	Limited	3 February 2026
Smallholdings – Follow-up ²		

¹ Audit included in the 2026/27 Audit Plan due to the adoption of a new Policy.

² In the 2026/27 Audit Plan – a problematic area for several years.

Control Improvement Working Group

- 4.13 The Working Group consists of the Chair and Vice Chair of the Committee and three other members (chosen by rotation) that meets between the Governance and Audit Committee meetings and discusses issues of control weaknesses that have arisen at the Committee meeting, in order to give them attention to greater depth. Officers are being invited to attend to explain the control weakness and, primarily, to explain the steps that have been taken to improve the situation. No audit was referred for the attention of the Working Group during 2025/26.

5. INTERNAL AUDIT RESOURCES

Staffing and Qualifications

- 5.1 The Audit Manager undertakes the function of “Head of Internal Audit”. The Audit Manager is directly accountable to Head of Finance. The Audit Manager, one Audit Leader and one Senior Auditor have a full CIPFA³ qualification and the other Audit Leader has the full ACCA⁴ qualification. A Senior Auditor is currently studying for the CIPFA qualification.
- 5.2 Since 1 April 2025, there are 5 full-time members and one part time (0.8) in the Internal Audit Team.

Utilisation of staff resources

- 5.3 Appendix 2 contains an analysis of the use made of the time of the Internal Audit officers during the period between 1 April 2025 and 31 March 2026. The Committee’s attention is drawn to the following:
- The table shows the number of productive days available to provide audits for Cyngor Gwynedd, **464** days between 1 April 2024 and 31 March 2025 and **498** days for the same period in 2025/2026 - an increase of 34 days.
 - No time was spent on conducting special investigations or responsive audits in 2025/2026, compared to 35 days in 2024/2025.

³ Chartered Institute of Public Finance and Accountancy

⁴ Association of Certified Chartered Accountants

6. AUDIT PERFORMANCE

6.1 The results of the internal audit service's achievement measures in 2025/2026 were as follows:


Description of Measure	2024/25 Performance	2025/26 Ambition	2025/26 Results
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	91%	95%	88%
% of internal audits with an assurance level of "Satisfactory" or better (corporate indicator)	48.27%	80%	51.28%
% of high risk or very high risk agreed actions implemented within the timetable (corporate indicator).	- ⁵	100%	53.57%

6.2 While performance remains reasonably robust in some areas, the 95% ambition for completion of the audit plan was not achieved. In addition, while there is a slight improvement in the proportion of audits receiving "Satisfactory" assurance or better, the outcome remains significantly below the corporate target of 80%, reflecting the management issues identified above.



7. WORK PLANS AND TARGETS 2025/2026

7.1 The internal audit plan for 2025/2026 was presented to the Governance and Audit Committee in its meeting on 22 May 2025.

7.2 Internal Audit achievement measures indicate how well we fulfil our purpose. Internal Audit's achievement measures for 2026/2027 are:

Measure	Ambition 2025/2026	Direction of Ambition
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	95%	

⁵ Due to a lack of resources, it was decided to conduct follow-up audits on reports that received a "Limited" assurance level only.

% of internal audits with an assurance level of “Satisfactory” or better (corporate indicator)	80%	
Number of high or very high agreed actions implemented within the timetable (corporate indicator).	100%	
Productive time as a % of time available.	75%	New Measure
Scope of strategic/corporate risks in the Final Annual Plan.	70%	New Measure

8. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

8.1 In accordance with the Global Internal Audit Standards, Standard 12.1, Internal Quality Assessment states that *“the chief audit executive must develop and conduct internal assessments of the internal audit function’s conformance with the Global Internal Audit Standards and progress toward performance objectives”*.

8.2 The result of the self-assessment conformance with the Global Internal Audit Standards will be presented to the Governance and Audit Committee in due course following the further guidance and a Compliance Assessment Toolkit from CIPFA which was received at the end of January 2026.

8.3 Standard 8.4, External Quality Assessment, states *“the chief audit executive must develop a plan for an external quality assessment...The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team”*. CIPFA are currently working to develop an External Quality Assessment checklist to support internal audit functions.

8.4 The external assessment will be carried out in 2026/27 by Denbighshire County Council on a peer review basis organised by the Welsh Chief Auditors Group. Once the external assessment is completed, the results will be communicated to the Governance and Audit Committee along with the quality assurance and improvement programme.

9. RECOMMENDATION

9.1 The Committee is asked to accept this report as the formal annual report of the Head of Internal Audit pursuant to the Global Internal Audit Standards for the financial year 2025/2026.

AUDIT PLAN 2025/2026

Department	Audit	Audit Status	Assurance Level	Committee Date
Education	Education Outside Schools	Program and Briefing Note Agreed		
	Additional Learning Needs	Cancelled		
	School Transportation Follow Up	Final Report	Satisfactory	21 May 2026
	Breakfast Clubs Follow Up	Final Report	Limited	21 May 2026
	Post-16 Provision in Schools Grant	Final Report	High	9 October 2025
	Schools - General	Closed	No Category	
Environment	Commercial Waste Collection	Final Report	Limited	3 February 2026
	School Transportation Follow Up	Final Report	Limited	21 May 2026
	Arrangements for the Distribution of Bins Follow Up	Final Report	Limited	3 February 2026
	Animal Health	Final Report	Satisfactory	3 February 2026
	Building Regulations	Final Report	Satisfactory	21 May 2026
Corporate Services	Mandatory Training	Final Report	Satisfactory	21 May 2026
	Fire Arrangements	Final Report	Satisfactory	21 May 2026
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	Closed	No Category	
	Freedom of Information Follow Up	Final Report	Satisfactory	3 February 2026
	General Follow Up	Closed	No Category	
	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	Closed	No Category	

Department	Audit	Audit Status	Assurance Level	Committee Date
	Posts Without Budgets	Cancelled		-
	Data Protection	Final Report	Limited	21 May 2026
	Field Workers Awareness of Safeguarding Policy	Field Work Started		
Finance	IT Audits	Planned		
	Harbour Statement of Accounts 2024/2025	Final Report	High	9 October 2025
	Income - Recovery Arrangements	Final Report	Limited	3 February 2026
	Precepts	Final Report	High	3 February 2026
	Treasury Management	Planned		
Economy and Community	Lloyd George Museum	Final Report	High	3 February 2026
	Welsh Church Fund	Final Report	High	9 October 2025
	Beach Plan	Cancelled		-
	Hafan	Cancelled		-
Adults, Health and Wellbeing	Plas Hedd Care Home	Final Report	Limited	9 October 2025
	Plas Y Don Care Home	Final Report	Limited	9 October 2025
	Tan Y Marian Care Home	Final Report	Limited	3 February 2026
	Y Frondeg Home	Final Report	Satisfactory	3 February 2026
	Care Home Follow Up	Cancelled		-
	Follow-up Plas Pengwaith	Final Report	Limited	3 February 2026
	Follow-up Llys Cadfan	Final Report	Satisfactory	3 February 2026
	Follow-up Plas Hafan	Final Report	Satisfactory	3 February 2026
	DOLS/LPS	Final Report	Limited	21 May 2026
	Direct Payments	Final Report	Satisfactory	3 February 2026
	Day Centres - Banking Arrangements	Cancelled		
	Learning Disability Centres	Cancelled		

Department	Audit	Audit Status	Assurance Level	Committee Date
	Cegin Arfon	Final Report	Limited	3 February 2026
	Siop Galwch Acw	Final Report	Limited	3 February 2026
	Canolfan y Gwystl	Final Report	Limited	3 February 2026
Children and Supporting Families	Out of County Placements	Program and Briefing Note Agreed		
Highways, Engineering and YGC	Falling Trees	Final Report	Limited	3 February 2026
	YGC Succession Planning	Final Report	Satisfactory	3 February 2026
	Business Continuity Planning	Final Report	Satisfactory	3 February 2026
	Bangor Crematorium	Final Report	Satisfactory	21 May 2026
	Fleet - Fuel	Final Report	Limited	21 May 2026
	Ash Dieback	Final Report	Limited	9 October 2025
	Category Management - Environment Follow Up	Final Report	Limited	21 May 2026
	Street Cleaning Overtime Follow Up	Final Report	Satisfactory	21 May 2026
Housing and Property	Emergency Accommodation Costs	Program and Briefing Note Agreed		
	Homelessness Prevention Grant 2024/25	Final Report	Limited	3 February 2026
	Housing Support Grant	Final Report	Satisfactory	3 February 2026

Analysis of Internal Audit Use of Time 1 April - 31 March:

2024/2025		2025/2026
1,518	Total Days	1,513
209	Unproductive Time: Annual Leave	202
41	Unproductive Time: Statutory Holidays	35
250	<i>Less Holidays (Statutory and Non-Statutory)</i>	237
1,268	Total Available Days	1,275
	<i>Less:</i>	
9	Special Leave	6
66	Illness & Phased Return	16
0	Maternity and "Keep in Touch"	252
34	Job Training	59
1,159	Available Days	942
	Less Unproductive Time:	
	Medical Appointments	
	Time Recording and Management	
	Meetings and Committees	
	Training Presentation	
	Background Work	
	Admin etc.	
	Governance and Audit Committee	
	Internal Audit Management	
	Absence Management	
	IT problems	
	Meetings with External Audit	
283	<i>Totals not contributing to the Plan</i>	253
875	Total productive days	690
16	Work for SNPA	34
115	Community and Town Councils	110
35	Byw'n Iach Cyf.	41
3	North Wales Economic Ambition Board	6
25	External Secondment	0
1	GwE	0
216	Shared Prosperity Fund	0
464	Total productive days, Cyngor Gwynedd	498

Analysis of the use of Cyngor Gwynedd productive days:

2024/25		2025/26
429	Work on current year's plan	459
0	Work on the 2024/25 Plan during 2025/26	27
0	Work on the 2026/27 Plan during 2025/26	12
35	Responsive Work / Special Investigations	0
464		498

Report to the Governance and Audit Committee

Date of meeting:	21 st of May 2026
Contact Officer:	Arwel Evans, Procurement Manager
E-mail and Contact Number:	arwelapifanevans@gwynedd.llyw.cymru 01286 679200
Title of Item:	Procurement Thresholds and Amendments to the Contract Procedure Rules

Background

It is timely to review our tender and quotation thresholds in the wake of a change in national contracting and procurement legislation and a significant increase in the cost of goods and services due to inflation.

We recommend increasing the new thresholds to the following:

- Purchases up to £10,000 single quotation (previously £5,000)
- Purchases between £10,000 and £100,000 request three quotations (previously £5,000 to £50,000)
- Purchases over £100,000 open request for quotations or tenders (previously £50,000)

The £100,000 threshold would also be in line with the threshold for the Council's contract sealing arrangements. There is also a need to make further changes to the Contract Procedure Rules, specifically:

- Set a threshold of £100,000 where the Monitoring Officer and Head of Finance need to be consulted for authorising direct appointments.
- Highlight that a 'contract details notice' will need to be published in accordance with national regulations stating the value of £25,000+VAT.

Procurement thresholds are the limit that determine when a formal competition needs to be held to appoint contractors or service providers, and when asking for quotes only is sufficient.

The current procurement thresholds have been in place since 1996. Since then, prices and inflation have increased by an average of about 3% each year. As a result, today's prices are about 2.4 times higher than they were then.

National Procurement Regulations

The method of procuring goods and services is governed by the Procurement Act 2023 that came into force in February 2025. The Council has established Contract Procedure Rules which set out arrangements for the local implementation of these regulations.

From April 2026, the Social Partnership and Public Procurement (Wales) Act will also be fully in force.

It is primarily the monetary value of the contract that determines the extent to which the national regulations apply. The national regulation thresholds are reviewed every two years, with the next review period in January 2028. [PPN 11/23: New Thresholds - GOV.UK <https://www.gov.uk/government/publications/ppn-1123-new-thresholds>](https://www.gov.uk/government/publications/ppn-1123-new-thresholds)

While it is possible to influence and set local arrangements for contracts that have a value below the national thresholds, there is still a need to comply with the national procurement principles. The procurement principles seek to ensure that all public sector procurement is carried out in an equal, fair, transparent and non-discriminatory manner.

Our procurement and contracting arrangements also seek to ensure that we get the best value for money from providers who deliver quality, safely and legally.

Current thresholds

Our current procurement thresholds include the following arrangements:

- Purchases up to £5,000 a single quotation.
- Purchases between £5,000 and £50,000 request three quotations.
- Purchases over £50,000 open request for quotations or tenders.

The method of calculating the contract value has also changed recently where VAT is included. This has meant a real-term reduction in the thresholds.

National Landscape

Although public organisations are governed by the same Procurement Act, procurement and contracting arrangements vary. In 2022, the WLGA undertook an investigation to compare the procurement arrangements and thresholds of Local Authorities in Wales.

Some authorities appear to have set thresholds to coincide with the Welsh Government's Policy Note [WPPN 013 <https://www.llyw.cymru/wppn-013-caffael-syn-gyfeillgar-i-fusnesau-bach-a-chanolig>](https://www.llyw.cymru/wppn-013-caffael-syn-gyfeillgar-i-fusnesau-bach-a-chanolig) and others have a higher threshold. The higher thresholds average around £75,000 with some distinguishing between goods and services and the threshold for works (construction).

The Welsh Government Policy Note encourages tendering opportunities to be openly advertised over £25,000 + VAT. This is to encourage open competition and to try to make businesses more aware of the opportunities and apply for work.

Neither the Welsh Government nor the WLGA intends to harmonise the thresholds across Welsh Local Authorities.

For information, the thresholds for some of the North Wales councils are:

Local Authority	Current Tendering Thresholds	
	Goods and Services	Works (Construction)
Conwy Council	£50,000	£50,000
Denbighshire Council	£25,000	£250,000
Flintshire Council	£25,000	£250,000
Cyngor Gwynedd	£50,000	£50,000
Isle of Anglesey County Council	£214,904	£5,372,609
Wrexham Council	£25,000	£75,000

Considerations

There are a number of factors to consider when adjusting the thresholds, I would assume changes would entail;

Lower thresholds:

- Open competition and value assurance
- Transparent award and appointment arrangements by stating criteria
- A comprehensive process that provides an opportunity to assess the complete aspects of the purchase

Higher thresholds:

- More direct appointments
- Earlier appointment arrangements with the need for less administrative resources
- Limited competition to achieve value assurance

Higher thresholds are an opportunity to support local businesses in providing flexibility in our procedures to invite local companies to submit quotations. There would also be an opportunity to include in the procedures arrangements to encourage open competition where a number of local businesses also exist. It would also be necessary to be vigilant that local start-ups have the opportunity to apply for work and that higher thresholds do not mean that there is no need to review arrangements before renewing contracts.

It needs to be pointed out that a large proportion of the Council's contracts exceed the national thresholds.

Areas of Construction and Construction Work

There are different national thresholds for goods and services in the areas of Care and Construction (works). The thresholds where the national regulations apply are £663k for areas of care and £5.3m for construction works.

For consistency and to simplify the arrangements of our contract procedure rules, I would recommend that all areas we procure follow the same quotation and tender thresholds.

Changes to the Contracts Procedure Regulations

The minor changes to the regulations are intended to raise awareness of the value of the contract where a contract details notice needs to be published.

Consultation with the Monitoring Officer and Head of Finance for authorising direct appointments is included to ensure compliance and appropriate use of these arrangements.

Appendices

Appendix 1 - Rheolau Gweithdrefn Contractau 29-1-26 DRAFFT NEWYDD

Appendix 2 - Contract Procedure Rules 29-1-26 NEW DRAFT

Adolygu Trothwyon Tendro a Dyfynbrisiau / Review of Tendering and Quotation Thresholds

Trothwyon Cyfredol

£5,000 = 1 Dyfynbris

£5,000 - £50,000 = 3 Dyfynbris

£50,000+ = Hysbysebu'n agored (tendr)

Trothwyon Newydd

£10,000 = 1 Dyfynbris

£10,000 - £100,000 = 3 Dyfynbris

£100,000+ = Hysbysebu'n agored (tendr)

Trothwyon cenedlaethol uwch ar gyfer gwasanaethau, gwaith a gofal (£207k, £5.1m a £663k).

Current Thresholds

£5,000 = 1 Quote

£5,000 - £50,000 = 3 Quotes

£50,000+ = Openly published advert (tender)

New Thresholds

£10,000 = 1 Quote

£10,000 - £100,000 = 3 Quotes

£100,000+ = Openly published advert (tender)

National thresholds are higher for services, works and care (£207k, £5.1m a £663k).



Ystyriaethau / Consideration

- Prisiau a chwyddiant wedi dyblu ers sefydlu'r trothwyon
- Polisi cenedlaethol i agor cyfleon dros £25,000+TAW a cymhariaeth ag Awdurdodau eraill
- Treth ar werth (TAW) yn gynwysedig wedi lleihau'r trothwyon
- Gallu i gynnal cystadleuaeth lleol gyda trothwy dyfynbrisiau uwch
- Un trothwy ar gyfer prynu nwyddau, gwasanaethau a gwaith
- Rhan helaeth o gytundebau'r Cyngor yn uwch na'r trothwyon cenedlaethol.
- Prices and inflation have doubled since the thresholds were introduced
- National policy to open opportunities over £25,000+VAT and comparison with other Authorities
- Inclusive Value Added Tax (VAT) has decreased the thresholds
- Ability to run local competition with a higher quotation threshold
- One threshold for the purchase of goods, services and works
- A large proportion of Council agreements exceed national thresholds.



Rheolau Gweithdrefn Contractau / Contract Procedure Rules

Mae yna hefyd addasiadau pellach:

- Mae angen ymgynghori gyda'r Swyddog Monitro a Pennaeth Cyllid ar gyfer **penodiadau uniongyrchol dros £100,000**.
- Amlygu bydd angen cyhoeddi '**hysbyseb manylion contract**' yn unol a'r rheoliadau cenedlaethol gan nodi'r gwerth o **£25,000+TAW**.

There are also further amendments:

- A need to consult with the Monitoring Officer and Head of Finance when **appointing directly over £100,000**.
- Highlight the need to publish a '**contract details notice**' for contracts or purchases over **£25,000+VAT** in accordance with the National procurement rules.



Section 17

17. Contract Procedure Rules

17.1 Introduction

17.1.1 Procurement is the process by which the Council manages the acquisition of all its Goods, Services and Works. Upon identification of need, it includes consideration of options, the actual procurement process and the subsequent management and review of the contracts.

17.1.2 These Contract Procedure Rules (“CPRs”) cover the procurement activities of the Council that are not governed by the Procurement Act 2023 (“Act”) and the Procurement (Wales) Regulations 2024/782 (“Regulations”). Compliance with the Act and the Regulations is a strict legal requirement upon the Council, and it is not open to the Council to waive compliance of these for procurements.

17.1.3 These CPRs apply to procurements which are to be commenced on or after 24 February 2025. Any contracts awarded under previous legislation will continue to be managed under that legislation until such a time as the contract ceases to exist.

17.1.4 Procurement by the Council is governed by the Act and Regulations. The law requires all council procurement and contracting to be conducted transparently, fairly and in a non-discriminatory manner. In the event of statutory or other legal requirements exceeding the requirements contained within these CPRs, then statute shall take precedence over any provision within these CPRs.

17.1.5 The Act sets out the following objectives for the procurement of contracts: delivering value for money, maximising public benefit, sharing information for the purpose of allowing suppliers and others to understand the authority’s procurement policies and decisions, and acting and being seen to act, with integrity, the (“Procurement Objectives”).

17.1.6 In addition, the Council shall have regard to particular participation barriers which may face small and medium sized enterprises and consider whether such barriers can be removed or reduced.

17.1.7 In all its procurements the Council must comply with the based principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality and these rules are designed to ensure compliance with the same.

17.2 Definitions and Interpretations

17.2.1 In these Rules the following definitions apply:

- **Authorised Officers** means the holder for the time being of any post named in the Scheme of Delegation as having delegated powers and duties in respect of the procurement concerned.
- **Chief Officer** means any officer in the following categories of officer, Chief Executive, Corporate Director and Head of Department.

- **Contract** means any form of agreement (including, without limitation, official purchase orders) for the supply of Goods, provision of Services or carrying out of Works.
- **Contractor** means any contractor, supplier or provider with whom the Council enters into a Contract for the carrying out of works, provision of services or the supply of goods
- **Corporate Contract Register** means a list of contracts given by the Council.
- **Direct Award Justification Report** means Gwynedd Council's template of a national direct award justification report for internal approval and for records.
- **Frameworks** means an agreement between a contracting authority (the Council) and one or more Suppliers, the purpose of which is to establish the terms (in particular with regard to price and quantity) governing a contract or contracts to be awarded during the period for which the framework applies.
- **Goods** covers all the goods, supplies, substances and materials that the Council purchases, hires or otherwise obtains.
- **Grant and Grants** a sum of money paid or to be paid by the Council to a third party, and in respect of which the Council does not require the grantee to provide the Council with any services, goods or carry out any works for the Council's direct benefit. The Grant may be conditional (i.e. obligation to spend the Grant in a particular manner, to account for that spend and repay the Grant if the Grant conditions are breached).
- **ITT** means an invitation to submit a Tender.
- **Light Touch Contract** means a proposed contract for the provision of certain social or other specific services listed in Schedule 1 of the Regulations.
- **Procurement** means the process by which the Council manages the acquisition of all its goods, services and works. It includes the identification of need, consideration of options, the actual procurement process and the subsequent management and review of the contracts.
- **Procurement Manager** means the Council's Procurement Manager or any officers under his/her supervision or management who are given delegated powers to carry out any of the obligations, duties or activities required to be performed by him/her under these Rules or to act in his/her absence.
- **Procurement Process** means the procurement process spans the whole life cycle, from identification of needs, options appraisal, supplier selection, award and contract management through to the end of a contract or the end of the useful life of the asset, or disposal of the asset.
- **Rules** means these Contract Procedure Rules.
- **Services** includes all services, which the Council purchases or otherwise obtains including advice, specialist consultancy work, agency, staff, etc.
- **Regulations** means the Procurement (Wales) Regulations 2024 and any amendment or re-enactment thereof.
- **Tenderer/Tenderers.** Individual, individuals, partnerships, companies or other bodies invited to submit quotes/tenders, prices for providing the Council with services, supplying goods or carrying out works.
- **The Act** means the Procurement Act 2023

- **Variation and Variations** means any alterations to a contract, including additions, omissions, substitutions, alterations or changes of any other nature.
- **Works** includes all works of new construction and repairs in respect of physical assets (buildings, roads, etc.) including all those activities constituting works for the purposes of the Regulations.
- **Written** means in writing or in a "written" electronic form.

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

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

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

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

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

17.3 Compliance With These Rules

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

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

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

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

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

17.4 Exempt Contracts

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

- i. Internal purchases or service provision;
- ii. Vertical arrangements, i.e. a public contract awarded by a Council to a legal person controlled by the Council and which carries out at least 80% of its activities for the Council;
- iii. horizontal arrangements, where two or more contracting authorities genuinely cooperate with each other to meet public service obligations that each is entrusted to perform;
- iv. utilities contracts between a utility and a relevant joint venture to which that utility is party, where the joint venture was formed for the purpose of carrying out that utility activity for at least three years and the parties to the joint venture are committed, by way of written agreement to continue to be parties to the joint venture for a period of three years following the date of that agreement;
- v. Contracts relating solely to the acquisition, by whatever means, of land, buildings or any other complete work (i.e., a functioning structure that results from the carrying out of works), or of an interest in or right over any of them (with the exception of development agreements);
- vi. Contracts for the acquisition, development, production or co-production of material intended for broadcast (by any means) by a contracting authority to the general public;
- vii. Contracts to facilitate the provision to the general public of an electronic communications service (within the meaning of s.32 of the Communications Act 2003);
- viii. contracts for the provision to a contracting authority of arbitration, mediation or conciliation or other similar services;
- ix. contracts for the provision of Exempt Legal Services;
- x. financial services – contracts for the lending of money in any currency to a contracting authority;
- xi. contracts of employment or worker’s contracts;
- xii. contracts for the provision of research and development services;
- xiii. international agreements and organisations;
- xiv. any contracts that a contracting authority determines should not, in the interests of national security, be subject to this Act;
- xv. award of Grants (Grants are not regulated by public procurement law as they are not public contracts. However, they are regulated by the rules on state aid and by general public law controls relating to fiduciary duty and proper spending of public money as well as specific conditions which may include procurement requirements);
- xvi. individual orders placed under contracts which provide for orders to be placed against agreed schedules of rates, or under a measured term contract or under a Framework, provided that such contracts or Framework have been let by the Council in accordance with these Rules;
- xvii. individual orders placed under Crown Commercial Service and or Welsh Government let Framework or other public sector Framework where the Council is permitted to place orders under such agreements;
- xviii. contracts for services entered into in pursuance of powers under the National Health Services and Community Care Act 1990 and the Children Act 1989 for the benefit of an individual;
- xix. instructions and briefings issued by or on behalf of the Monitoring Officer to Counsel. The Monitoring Offices will make arrangements to ensure that a record is kept of all such instructions or briefs together with a record of Counsel’s fee;

- xx. Goods, Services and Works procured by another public body on behalf of or for the joint benefit of the Council and other parties (i.e. a collaborative procurement agreement such as contracts awarded via the National Procurement Service etc.) and provided that in such case, the other public body's procurement/contract rules, all UK procurement law requirements, and the Procurement Objectives have been complied with. The advice of the Procurement Manager must be sought before placing reliance on any such arrangement;
- xxi. Individual “De-minimus” contracts within the Council’s public transport support budget up to an aggregated maximum of 40% of that budget.

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

17.5 Council-Wide Frameworks and Dynamic Markets

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

17.6 Estimating the Contract Value

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

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

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

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

- (a) any form of option
- (b) the term/period of the proposed Contract
- (c) any rights to renew the Contract/extend the Contract period

- (d) any price, payment, premium, fees, commission, interest or other form of remuneration payable under the proposed Contract or in respect of the proposed procurement.

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

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

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

17.6.7 For Frameworks , or similar, without a known annual expenditure but with duration exceeding one year, the number of years duration will be multiplied by the likely annual expenditure and must be determined in consultation with the Procurement Manager. The maximum period now permitted under the UK Procurement Rules for Frameworks is 4 years, unless there are clear justifications for this, which must be set out in the Tender Notice or Transparency Notice relating to the Framework.

17.6.8 Open Frameworks must be valued by including the value of all Frameworks that could be awarded under the Open Framework and therefore, the value of all contracts that could be awarded under each of the Frameworks in the scheme.

17.6.9 Concession contracts are to be valued differently. Concession contracts should be valued by way of estimating the maximum amount the supplier could expect to receive, taking account of a similar non-exhaustive list of variables in the general rule, with certain modifications more pertinent to concession contracts, such as amounts received on the sale of assets held by the supplier under the concession contract.

17.6.10 If a contract value cannot be estimated, then the contract is deemed to be valued as above threshold.

17.7 Contracts Under £100,000 (Quotations)

17.7.1 Where possible, goods, services and works must be obtained via existing corporate Framework Arrangements, standing lists or consortia arrangements.

17.7.2 Where there are no existing approved arrangements, the following number of quotations must be sought and evidenced in accordance with Rules 17.7.3 or 17.7.4.

- (a) Up to £10,000 require only one quotation;
- (b) Between £10,000 and £100,000 require three quotations.

17.7.3 For Procurements up to £10,000 the quotation obtained must be in writing in order that best value and the integrity of the process can be demonstrated. This information must be retained by the Service.

17.7.4 For Procurements of £10,000 to £100,000 records will be kept detailing which Contractors were selected to quote, to whom the Contract was awarded and the reasons for so doing (lowest price or offer which represents best value to the Council and why), so that best value and the integrity of the process can be demonstrated. The confidentiality of quotes will be maintained until the contract has been awarded. This information must be retained by the Service. It is important to appreciate that Contractors must be informed of how their quotations will be evaluated and this information should be set out when Contractors are asked to quote.

17.7.5 Where similar goods, services and works are regularly required, and arrangements described in Rule 17.5 are not available, consideration must be given to awarding a framework arrangement and the advice of the Procurement Manager must be obtained.

17.7.6 Where goods, services or works are regularly procured from a single particular supplier under this Rule and the aggregated value of those contract exceed £100,000 in any financial year, the matter must be reported by the Head of Department to the Procurement Manager who will undertake a review of the arrangements with regard to ensuring compliance with these Rules and the Councils Policies and Strategies.

17.8 Contracts Valued Above £100,000 (Tenders)

17.8.1 For procurements with an estimated value of more than £100,000 at least three written tenders must be invited through open competition.

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

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

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

17.9 Contracts to Which the Regulations Apply

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

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

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

17.9.3 The current thresholds, as of the 1st of January 2026 are:

- **Supplies & Services** £207,720
- **Subsidised Services Contracts** £207,720
- **Works** £5,193,000
- **Light Touch Contract for Services** £663,540

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

The thresholds change every two years and are due to change again on the 1st of January 2028.

17.9.4 A Contract Details Notice will need to be published for Contacts let under the Procurement Act 2023 which is of value of £30,000 and above.

17.10 Consultants

17.10.1 Any consultants used by the Council shall be appointed in accordance with these Rules. Where the Council uses Consultants to act on its behalf in relation to any procurement, then the relevant Head of Service shall ensure that the consultants carry out any procurement in accordance with these contract procedure rules. No consultant shall make a decision on whether to award a contract or to whom a contract should be awarded. The relevant Head of Service shall ensure that the consultant's performance is monitored.

17.11 Nominated and Named Sub-Contractors

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

17.12 Pre Qualification (Applies To All)

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

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

- (g) Welsh Language Measures;
- (h) Data Protection; and
- (i) Ethical Employment and Safeguarding.

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

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

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

17.13 The Invitation to Tender

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

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

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

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

- (a) they have not and will not inform any other person of the amount of their tender;
- (b) they have not fixed the amount of any tender in accordance with a price fixing arrangement;

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

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

17.14. Competitive Tendering Procedure

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

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

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

17.14.4 All Tenderers expressing an interest are invited to tender. In the case of procurements with an estimated value above £100,000 where fewer than three Tenderers have expressed an interest the Authorised Officer must, in consultation with the Procurement Manager, determine whether there is sufficient interest to demonstrate genuine competition before deciding to continue the Procurement.

17.15 Open Procedure

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

17.16 Competitive Flexible Procedure

17.16.1 this procedure is non-prescriptive and allows the Council flexibility to design their own procurement process, to suit its specific needs and requirements. The Council must have regard to the Procurement Objectives and meet the procedural requirements applicable to the competitive tendering procedure, such as relating to time and

transparency. The Council must decide who to award the contract to based on who the Council considers appropriate for the purpose of awarding the public contract.

17.16.2 The Council must use the competitive flexible procedure where:

- it wishes to limit the number of suppliers before inviting tenders;
- when procuring under a dynamic market; and
- when reserving a public contract to Supported Employment Providers or Public Service Mutuals.

17.17 Direct Award

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

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

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

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

17.17.5 In relation to Procurement exercises that are not governed by the Regulations, the Council may use a Direct Award in the following circumstances and subject to the conditions in section 41 and Schedule 5 of the Act (Where a single supplier holds exclusive rights, where no reasonable or compatible alternatives exist, where user-choice contracts apply, or where matters of extreme and unavoidable urgency arise). The conditions apply to any contract extension as well.

17.17.5.1 Where the value of the initial contract or the estimated aggregate value of the contract and any extension exceeds £50,000 a decision must be made in consultation with the Council's Procurement Manager.

17.17.5.2 Where the value of the initial contract or the estimated aggregate value of the contract and any extension exceeds £100,000 a decision must be made in consultation with the Procurement Manager as well as the Head of Finance and the Monitoring Officer.

17.17.6 The Head of Finance and The Monitoring Officer may delegate the responsibility to an authorised deputy.

17.18 Receipt, Custody and Opening of Tenders

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

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

17.18.3 Tenders with an estimated value below £100,000 (if received by post in the official envelope or using the official tender return label) will be returned to the Head of Service. Tenders will be opened in the presence of two employees designated by the Head of Service of the relevant service area as the case may be. Both employees must be independent to the letting of the Contract. When opened, all tenders will be recorded in a tender register and the tenders and register will be initialled and dated by designated officers present at the time. A copy of such record shall be sent to the Procurement Manager.

17.18.4 Tenders with an estimated value above £100,000 must be addressed to the Monitoring Officer if received by post enclosed in the official envelope or using the official tender return label provided by the Council. The Monitoring Officer will be responsible for the receipt, custody and opening of such tenders. Tenders for the same procurement will be opened consecutively at the same session in the presence of two employees designated for the purpose. One employee will be nominated by the Monitoring Officer and the other employee will be nominated by the relevant Head of Service. Both employees must be independent to the letting of the Contract. When opened, all tenders will be recorded in a tender register and the tenders and register will be initialled and dated by designated employees present at the time. The opened tenders will then be sent to the evaluation officer.

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

17.19 Electronic Tendering

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

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

17.20 Tender Evaluation

17.20.1 Tenders shall be evaluated in accordance with the evaluation criteria and weightings set out in the ITT. All contracts, except contracts where lowest price was predetermined to be the appropriate criteria, shall be awarded on the basis of the offer which represents the most advantageous tender having regard to the evaluation

criteria and weightings set. The evaluation criteria and weightings must be predetermined and listed in the ITT documentation. In addition, the criteria and weightings shall be strictly observed (and remain unchanged) at all times throughout the contract award procedure. Guidance and assistance on relevant evaluation criteria can be obtained from Corporate Procurement Unit and Legal Unit.

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

17.20.3 If, after the tenders have been opened and examined, an error in computation of the tender is detected, the Tenderer will be given details of the error and the opportunity to confirm the tender submission as corrected, or withdraw their tender.

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

17.21 Evaluation Team

17.21.1 For each Contract with an estimated value above £100,000 the Authorised Officer shall form an evaluation team ('Evaluation Team') with responsibility for evaluating tenders. The Evaluation Team shall consist of at least two officers with relevant expertise to successfully complete the evaluation. Written records of the evaluation must be kept.

17.22 Risk

17.22.1 For Procurements with an estimated above £100,000 the Authorised Officers shall carry out a risk assessment at the outset and thereafter maintain and update the same throughout the Procurement Process. The decision maker must be informed of any risks identified.

17.22.2 For Procurements with an estimated value of £100,000 or above, the Evaluation Team shall consider whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred Supplier and where such a requirement arises ensure that it is included as a requirement of the procurement process.

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

17.23 Approved List

17.23.1 Approved Lists can only be used where recurrent contracts of a similar type are likely but where such contracts need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise. Approved Lists cannot be used for contracts where the estimated value is above £100,000

17.23.2 No supplier may be entered on an Approved List until there has been an adequate investigation, having regard to Rule 17.12 into both their financial and their technical

ability to perform the contract, unless such matters will be investigated each time bids are invited from that list.

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

17.23.4 Approved lists of suppliers to Services shall be maintained in an open, fair and transparent manner and must be made available to the public on the Council's website. Any request by an economic operator to be included on the list can be accommodated provided that they meet the requirements of Rule 17.23.2.

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

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

17.24 Awarding Contracts

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

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

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

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

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

- c) subsequently verified the Tender.

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

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

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

17.25 Notification of Award and Assessment Summaries

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

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

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

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

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

17.25.4 The Council may voluntarily enter into a standstill period, which should be for no less than 8 working days from the day on which the Contract Award Notice is published.

17.25.5 A standstill period is not mandatory where the council awards a public contract in accordance with a Direct Award under section 41 and section 43 of the Act; contracts awarded under Frameworks or Dynamic Markets; and Light Touch Contracts.

17.25.6 A Contract Details Notice is a mandatory notice which must be published by the Council each time a public contract of the value of £30,000 is entered into. If the contract is a light touch contract, this must be published before the end of the period of 120 days beginning with the day on which the contract is entered into. Otherwise, the notice must be published before the end of the period of 30 days beginning with the day on which the contract is entered into. The Contract Details Notice must set out that the Council has entered into a contract, and include the information contained in Regulation 32 (Contract Details Notices: Open or Competitive Flexible Procedure), Regulation 33 (Contract Details Notices: Frameworks), Regulation 35 (Contract Details Notices: Direct Award) or Regulation 36 (Contract Details Notices: Below-Threshold Contracts) of the Regulations (as applicable depending on the route the Council has taken) as amended from time to time.

17.26 Completion of Contracts

17.26.1 With the exception of any Contract formed using a purchase order output on a Council electronic purchasing system any Contract with an estimated value above £100,000 must be:

- (i) In writing;
- (ii) Made under the Council's Seal

17.26.2 Contracts of £100,000 and under in value must be made using:

- i. A purchase order generated by Council electronic purchasing system; or
- ii. Be an official order form produced by the Council; or
- iii. A written Contract.

17.27 Contract Management

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

17.27.2 The day to day management of the Contract shall include monitoring in respect of:

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

17.27.3 Where the total value of the Contract exceeds £250,000 the Authorised Officer must make a written report to the Head of Service evaluating the extent to which the

Contract is meeting the objectives set. This should be done normally when the Contract is completed but for term contracts such report should be prepared annually.

17.28 Social Service Contracts and the Light Touch Regime

Section 9 of the Act and Schedule 1 of the Regulations

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

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

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

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

Below-Threshold

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

- a) Below threshold procurement procedures should replicate other sections of these Rules to ensure value for money, the required level of quality and performance.
- b) Where there are no existing approved arrangements, the following number of quotations should be sought and evidenced:
 - i. Up to £10,000 requires only one quotation
 - ii. Between £10,000 and £100,000 requires three quotations preferably via S2W.

- iii. An openly publicised and available procurement process should be conducted whilst seeking to invite at least three written tenders
- c) The flexibility of the light touch regime are utilized whilst also undertaking a procurement activity which is conducted with openness, probity and accountability.

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

17.28.5 Reserved Contracts – Section 33 of the Act provides for procurements for certain service contracts to be “reserved” to organisations that meet certain criteria. These contracts may run for a maximum period of 3 years. In essence,

17.28.5.1 this means it is possible to run a competition in compliance with the new light-touch contracts regime of UK procurement rules where participation is limited to qualifying organisations such as mutual and social enterprises.

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

17.28.5.3 Standstill Period – We still send a standstill notice and observe the standstill period for light touch procurement

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

17.29 Waivers of Contract Procedure Rules

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

- (i) the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Standing Orders is justifiable, or
- (ii) the circumstances of the proposed contract are covered by legislative exemptions; or
- (iii) it is in the Council's overall interests; or
- (iv) there are other circumstances which are genuinely exceptional.

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

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

MEETING	Governance and Audit Committee
DATE	21 st May 2026
TITLE	Audit Wales - Cyngor Gwynedd Annual Audit Summary 2025 and Detailed Audit Plan 2026
AMCAN	Introducing the Audit Wales Annual Audit Summary 2025 and Detailed Audit Plan for the Council in 2026
RECOMMENDATION	Members are asked to comment on and accept the documents.
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. 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) in the context of the Council's work .

2. DETAILED AUDIT PLAN 2026

- 2.1. To fulfil the Auditor General's duties Audit Wales completes work each year associated with the following duties – Audit of Accounts, ensuring Value for Money, ensuring Continuous Improvement and complying with the Sustainable Development Principles.
- 2.2. Specific projects are completed whilst also using information gathered from other regulators such as Care Inspectorate Wales and Estyn. A summary of the findings and conclusions for the work completed in the last year can be found in the Annual Audit Summary 2025 (**Appendix 1**).
- 2.3. The Detailed Audit Plan for 2026 is also attached as **Appendix 2**. It describes the outline programme of work for the year in accordance with the duties set out in 2.1 above. It is anticipated that the final plan for the year will be published during the summer.
- 2.4. Officers from Audit Wales will present the item to the Members and there will be an opportunity ask questions in relation to the content.

Cyngor Gwynedd – Annual Audit Summary 2025

Date issued: March 2026



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

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

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Annual Audit Summary for Cyngor Gwynedd (the Council). It summarises the main findings from my 2025 audit work undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004 and the Well-Being of Future Generations (Wales) Act 2015.

I provided an opinion on whether the accounts were properly prepared and gave a true and fair view, in all material aspects.

My audit team has also assessed whether the Council has made proper arrangements for securing economy, efficiency and effectiveness

in its use of resources, and has acted in line with the sustainable development principle. In doing so, my audit team has reviewed commissioning arrangements and reserves management. As set out in my audit plan, these reviews have been carried out in line with the [International Organisation of Supreme Audit Institutions \(INTOSAI\) standards](#).

The detailed audit findings for each of my reviews are set out in the respective reports which my audit team have presented throughout the year. The performance audit reports are available on the [Audit Wales website](#) and further links are available in the summary.

The Annual Audit Summary should be shared with the Governance and Audit Committee I will then make the summary available to the public on the [Audit Wales website](#).

I would like to extend my gratitude to the Council's officers for their help and cooperation throughout my audit.

Your audit at a glance



I received the draft accounts in line with the statutory deadline of 30 June 2025. The quality of the draft accounts and working papers overall were satisfactory. However, I identified opportunities for the Council to further improve the quality of some working papers and to strengthen its quality assurance processes.



I issued an **unqualified opinion** on the accounts on 19 November following approval by the Governance and Audit Committee on 13 November. This fell after the statutory deadline of 31 October, which could not be met due to the timing of the Committee meeting. Several misstatements remained uncorrected, although none were material. There were no other significant issues to report.



My performance audit work on the management of reserves found that the Council has structured governance arrangements but does not have a formal strategy to inform its decisions on the levels of those reserves. My work on commissioning found that there was room for the Council to improve its arrangements to ensure consistency.



We made recommendations for the Council to establish commissioning arrangements and to adopt a strategy to inform its decisions regarding reserves.



My audit team has completed the audit work as set out in my Audit Plan as planned for 2025.

Audit of accounts findings

Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation's financial performance and set out its net assets/reserves, total comprehensive income and expenditure, and cash flows. My annual audit of those accounts provides an opinion on whether the accounts were properly prepared and gave a true and fair view, in all material aspects.

My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

The draft accounts were presented for audit on 30 June 2025 in line with the deadline set by the Welsh Government. The quality of the draft accounts presented for audit was generally satisfactory.

My audit opinion

I must report issues arising from my work to those charged with governance for consideration before I issue my audit opinion on the accounts. I reported these issues within my Audit of Accounts Report to the Governance and Audit Committee on 13 November 2025.

Accuracy of preparation

A number of changes were made to the draft accounts arising from my audit work.

There were several uncorrected misstatements arising mainly from classification and valuation errors within Property, Plant and Equipment, as well as weaknesses in applying the new IFRS 16 lease accounting standard which came into effect in 2024-25.

There were no other significant issues to report.

I also reported on other matters relating to the implementation of IFRS16 Leases and the quality of certain working papers. The leases disclosure required redrafting, as it was not fully compliant with the requirements of the standard. In addition, I reported that there are still opportunities to enhance the standard of certain working papers and introducing a

strengthened quality assurance process could support this particularly in light of the ambition to bring forward the audit certification deadline to September 2026 for the 2025-26 accounts audit. These improvements should help reduce the number of corrected and uncorrected adjustments arising during the audit.

My work did not identify any material weaknesses in internal controls (as relevant to my audit), and I made no recommendations

The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements and with my knowledge of the Council.

I concluded that the Council's accounts were properly prepared and materially accurate and **issued an unqualified audit opinion** on them.

Audit completion

I issued the certificate confirming that the audit of accounts for 2024-25 was completed on 19 November 2025.

Whole of Government Accounts

I also undertook a review of the Whole of Government Accounts return and submitted the return in accordance with Treasury's instructions.

Other accounts work

In addition to my responsibilities for auditing the Council's accounts, I also have responsibility for the certification of a number of grant claims and returns. The claims for Teachers' Pensions, Housing Benefits and Non-Domestic Rates have been certified.

Our work to date identified an issue relating to the certification of the Council's Non-Domestic Rates Assurance work. We were unable to fully complete the certification work in accordance with the requirements set out in our Certification Instruction. The original certification deadline was 17 November 2025; however, due to significant delays in receiving the required responses from the Council, we were unable to conclude the work by that date. Consequently, we completed and reported on the work undertaken by the extended deadline of 30 January 2026, as agreed with the Welsh Government.

Performance audit findings

Commissioning arrangements

My team looked at how the Council's arrangements for commissioning apply value for money considerations and the sustainable development principle. This was a thematic audit carried out at all 22 local authorities.

The audit criteria emphasised that applying commissioning arrangements consistently at a corporate level can strengthen assurance that the Council is securing value for money. The Council was able to demonstrate where some services had applied these criteria, for instance, undertaking a thorough options appraisal for a large long-term commission. We found that 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 making commissioning decisions in future and how it could improve its use of data.

However, I found that this was not a consistent corporate approach, as we noted variation across the examples we examined.

I made two recommendations focused on establishing and embedding consistent corporate commissioning arrangements that can be applied proportionately to the scale and significance of the commissioned service.

Strategic Use of Reserves

My team reviewed how the Council manages its reserves. It focused on governance, risk management, financial reporting, and how reserves are used strategically to make sure public money is well managed to support long-term stability. I found 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.

I made a recommendation for the Council to adopt a strategy to support decision making for when and how to establish reserves and monitor the sums of balances held.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use three lines of assurance to show how we achieve this. We have set up an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Further information

Audit Wales has a range of other information to support the scrutiny of Welsh public bodies and to continue to improve the services provided to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends.



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



Audit Wales

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



Cyngor Gwynedd – Audit Plan 2026

Date issued: May 2026



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

Introduction



Adrian Crompton
Auditor General
for Wales

I am pleased to share my 2026 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My Code of Audit Practice provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 23) sets out how we will ensure those standards of quality are met. Our latest annual quality report, provides more information about our audit quality arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other national audit work that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions


Our purpose

-  Assure people that public money is being managed well
-  Explain how that money is being spent
-  Inspire the public sector to improve

Our vision

-  Fully exploiting our unique perspective, expertise and depth of insight
-  Strengthening our position as an authoritative, trusted and independent voice
-  Increasing our visibility, influence, and relevance
-  Being a model organisation for the public sector in Wales and beyond

Our areas of focus

-  A strategic, dynamic, and high-quality audit programme
-  A targeted and impactful approach to communications and influencing
-  A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2026-27](#) and [Our Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting standards and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

In addition to my responsibilities for auditing the Cyngor Gwynedd's (the Council) financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the audit of Cyngor Gwynedd Harbours Authority where a separate plan is not produced;
- the audit of GwE joint committees (accounts up to 31 May 2025) where a separate plan is prepared; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

There have been no limitations imposed on me in planning the scope of this audit.

Certification of grant claims and returns

I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include housing benefits, teachers' pensions and non-domestic rates.

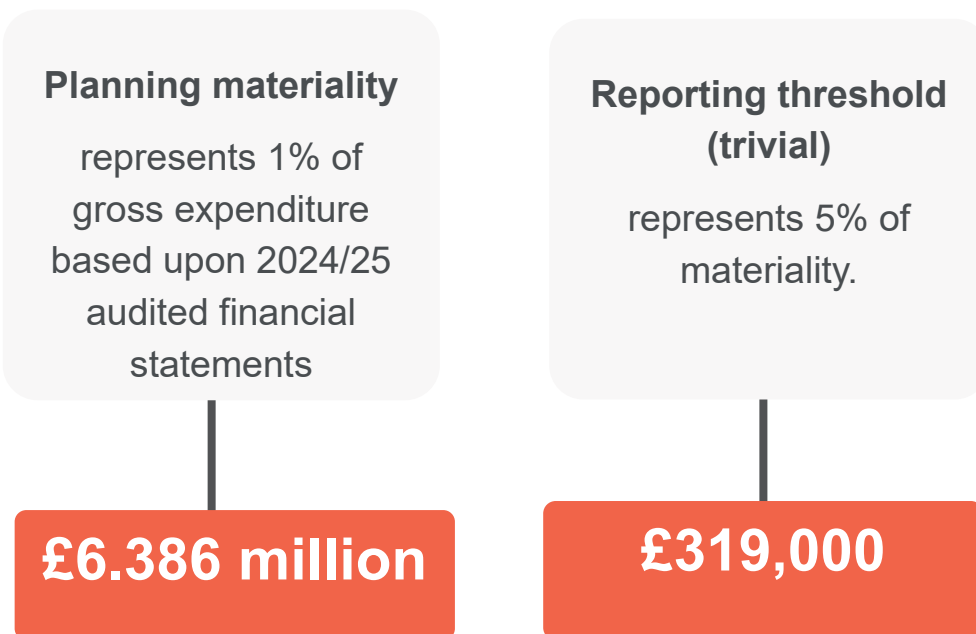
Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

Senior Officer Remuneration £1,000	Related party disclosures (individuals) £10,000
--	---

My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Valuation of pension fund net liability/surplus

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

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

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability. At 31 March 2025 for example, the liability was in fact a surplus, primarily due to higher interest rates.

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the Council's financial statements for the first time in the 2025-26 financial year.

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

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

Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability/surplus;
- test the accuracy of the pension fund net liability/surplus and disclosures in the financial statements with the actuarial report from the actuary;

- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required;
- undertake a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

Valuation of land and buildings

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

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

Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

Our planned response

My audit team will:

- review the information provided to the valuer to assess for completeness;
- evaluate the competence, capabilities and objectivity of the professional valuer;
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements;

- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and
- test the reconciliation between the financial ledger and the asset register.

Senior officer remuneration

There have been new permanent and interim appointments to senior posts during 2025-26.

There is a risk that these are not appropriately disclosed in the financial statements as remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a that as even low value errors in the disclosure could result a material misstatement.

Our planned response

My audit team will:

- understand the movements in the senior management team during 2025-26;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Council; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Related party disclosures

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

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

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding

these relationships. These transactions are of high interest and are considered to be material by their nature.

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

Our planned response

My audit team will:

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

Legal claims

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

Our planned response

My audit team will:

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

Group Accounts determination and timeliness

The Council is the sole proprietor of Byw'n Iach a subsidiary company established to provide leisure services to the residents of Gwynedd. However, the Council has not yet completed its assessment of whether

group accounts are required under the CIPFA Code of Practice for year ended 31 March 2026. Management has indicated that this assessment will not be finalised until the capital accounting elements of the Council's own financial statements are completed. There is therefore a risk that the Council may subsequently determine that group accounts are required at a later stage in the accounts preparation process.

If group accounts are required but identified late, this may:

- result in delays to the preparation and audit of the group financial statements;
- require unplanned consolidation procedures and additional audit work;
- increase the risk of audit timetable slippage and delayed issuance of the audit opinion by the agreed deadline of 30 September 2026;
- increase the risk of errors or omissions in consolidation adjustments due to time pressure; and
- lead to resourcing challenges for both the Council and Audit Wales.

Our planned response

My audit team will

- engage early with management to confirm their assessment of whether group accounts are required, ensuring this evaluation is not contingent on the completion of capital accounting entries;
- perform a preliminary assessment of control and potential materiality of the subsidiary; and
- monitor progress on the group assessment and, where group accounts are determined necessary, promptly revise the audit timetable and audit approach, including application of ISA (UK) 600: 'Special considerations - Audits of group financial statements (Including the work of component auditors)'.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

<p>Planning</p>	<ul style="list-style-type: none"> Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning Information flows IT environment risk assessment Indicative audit fee Draft Audit Plan
<p>February to April 2026</p>	
<p>Interim</p>	<ul style="list-style-type: none"> Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing
<p>April to June 2026</p>	
<p>Fieldwork</p>	<ul style="list-style-type: none"> Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
<p>July to September 2026</p>	
<p>Reporting</p>	<ul style="list-style-type: none"> Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification
<p>September 2026</p>	
<p>Post certification</p>	<ul style="list-style-type: none"> Annual Audit Summary Post project learning








Performance audit work

Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Council and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Council.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special

consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Integration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Council. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

Planned performance audit work

I set out below details of my performance audit work to satisfy my duties for 2026-27.

Risk management arrangements

This project will review the Council's risk management arrangements. Overall, routine reviews of the risk register at public committees are crucial for effective risk management, transparency, and maintaining stakeholder trust. Note: This audit was previously included in the 2025 Audit Plan but was replaced late in the year due to changes in the Council's circumstances.

Effectiveness of project outcomes

Our objective for this audit is to establish the extent to which the Council has put in place appropriate arrangements to ensure value for money when planning, carrying out and reviewing its project for purchasing vacant properties to let.

Council tax collection

The Council had the lowest council tax collection rate for Welsh councils in 2024-25. There is a significant and growing risk of arrears increasing and collection rates declining. This audit will help establish the causes of the problem and to what extent the Council can mitigate the risk.

Timing of Performance Audit Work

My team will work with officers in the Council to arrange exact timescales for the individual projects and will be communicated regularly through our work programme and timetable and subsequent mid-year update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2027.

Other statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the Head of Finance.

Audit fee

In January 2026 we published our [2026-27 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

The actual fee for the 2025 audit of the financial statements includes an additional fee of £34,745 reflecting the increased level of audit work that was required to address the matters identified during the audit of the 2024-25 financial statements.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Head of Finance. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 2: Breakdown of my estimated audit fee for 2026 (and 2025 for comparison)

Estimated fee for 2026 (£)¹

Audit of financial statements ²	Performance audit work ³	Grant certification work ⁴	Other financial audit work ⁵
£251,286	£122,312	£55,000	£748
Total fee: £429,346			

Estimated fee for 2025 (£)

Audit of financial statements	Performance audit work ⁶	Grant certification work	Other financial audit work
£267,495	£116,157	£52,000	£681
Total fee: £436,333			

¹ The fees shown in this document are exclusive of VAT.

² Payable November 2025 to October 2026.

³ Payable April 2026 to March 2027.

⁴ Payable as work is undertaken.

⁵ Payable November 2025 to October 2026 for work undertaken on Gwynedd Harbour Authority.

⁶ Work is ongoing and therefore this is the latest available estimate, the original fee was £116,157.

Audit team

My audit team will continue to work and engage remotely using technology, but onsite audit work will continue where it is appropriate to do so.

Indeed, my audit team who were onsite during the audit of accounts work last year found the close proximity to officers a more efficient way of working, and officers have fed back positively on their experiences.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: My local audit team

Engagement Director	Matthew Edwards matthew.edwards@audit.wales	
	Financial Audit	Performance Audit
Engagement Lead	Matthew Edwards matthew.edwards@audit.wales	Gary Emery gary.emery@audit.wales
Audit Manager	Yvonne Thomas yvonne.thomas@audit.wales	Carwyn Rees carwyn.rees@audit.wales
Audit lead	Sioned Owen sioned.owen@audit.wales	Lora Gwawr Williams lora.williams@audit.wales

There are some threats to independence that I need to bring to your attention relating the Audit Manager (Financial Audit) and the Audit Leads (Financial Audit and Performance Audit). All three have acquaintances and/or family employed by the Council. As a result,

they will either not be involved in any work in relation to the relevant services, or appropriate steps will be implemented to ensure that any potential conflicts are managed.

Audit quality

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We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our annual [Audit Quality Report](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Further information

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



GwE Joint Committee – Audit Plan 2026

Date issued: April 2026



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

Introduction



Adrian Crompton

Auditor General
for Wales

I am pleased to share my 2026 Audit Plan covering the GwE Joint Committee’s (the Joint Committee) final two months of operations up to 31 May 2025, prior to the transfer of its services back to the local authorities in North Wales. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.




At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 15) sets out how we will ensure those standards of quality are met. Our latest [annual quality report](#), provides more information about our audit quality arrangements.

My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions


Our purpose

-  Assure people that public money is being managed well
-  Explain how that money is being spent
-  Inspire the public sector to improve

Our vision

-  Fully exploiting our unique perspective, expertise and depth of insight
-  Strengthening our position as an authoritative, trusted and independent voice
-  Increasing our visibility, influence, and relevance
-  Being a model organisation for the public sector in Wales and beyond

Our areas of focus

-  A strategic, dynamic, and high-quality audit programme
-  A targeted and impactful approach to communications and influencing
-  A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2025-26](#) and [Our Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting standards and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

There have been no limitations imposed on me in planning the scope of this audit.

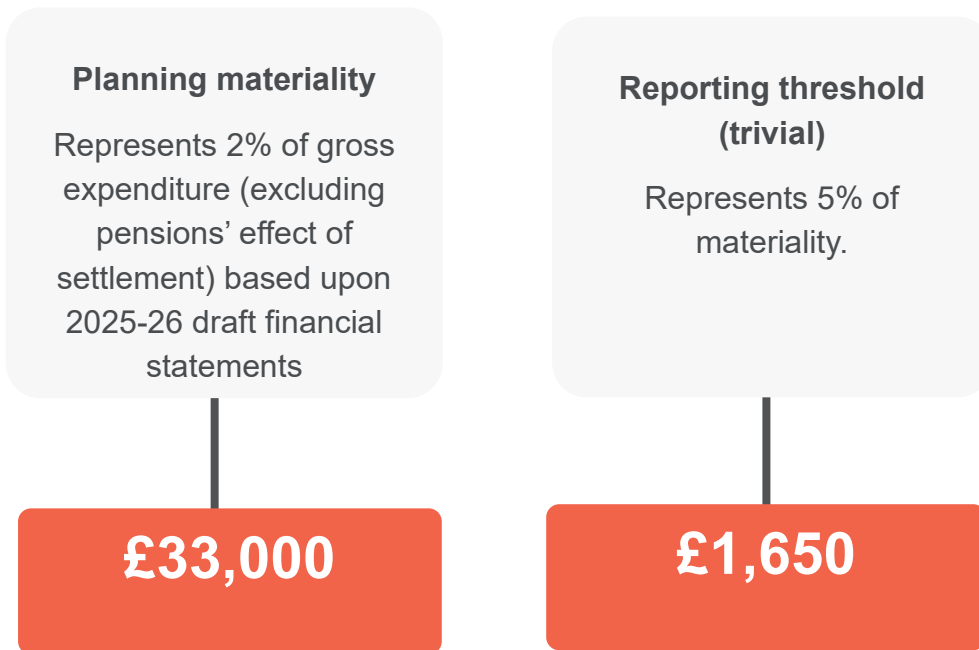
Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:



My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

Cessation of the Joint Committee

The Joint Committee ended in its current form on 31 May 2025, with services being transferred back to the local authorities in North Wales. There is a risk that the financial statements have not been prepared on an appropriate basis, are not accurate and complete, and do not adequately explain the cessation of the Joint Committee and the transfer of services.

Our planned response

My audit team will:

- review the narrative report, notes to the accounts, and accounting policies for clarity, accuracy and completeness; and
- ensure that the cessation date, transfer arrangements, and financial consequences are transparently disclosed.

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Valuation of pension fund and settlement amount

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

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation, including economic conditions such as interest rate levels.

On cessation of operations on 31 May 2025, the LGPS pension position was settled, resulting in a £nil closing balance. Due to the judgment and estimation involved, there is a risk that the valuation and pension settlement amount has not been appropriately calculated, recognised, or disclosed, leading to a potential material misstatement.

Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the valuation and settlement figure;
- test the accuracy of the pension fund valuation and disclosures in the financial statements with the actuarial report from the actuary;
- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required;
- assess whether the pension transactions relating to the cessation of the Joint Committee have been treated correctly.

Senior Officer Remuneration

Remuneration paid to senior officers continues to be of high interest and is material by nature. Therefore, there is a that as even low value errors in the disclosure could result a material misstatement.

Our planned response

My audit team will:

- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Joint Committee; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Related Party Disclosures

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

The Joint Committee has many relationships that could be considered a related party, for example, Cyngor Gwynedd as host authority.

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

The cessation of the Joint Committee means there may be difficulty obtaining declarations from members and officers who have left the Joint Committee. There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

Our planned response

My audit team will:

- review the Joint Committee's process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

<p>Planning</p> <p>February to March 2026</p>	<p>Planning meeting</p> <p>High level risk assessment procedures</p> <p>Fraud risk assessment</p> <p>Accounting estimates planning</p> <p>IT environment risk assessment</p> <p>Indicative audit fee</p>
<p>Interim</p> <p>March 2026</p>	<p>Information flows</p> <p>Detailed risk assessment procedures</p> <p>IT controls review</p> <p>Develop testing strategy</p> <p>Early sample testing</p>
<p>Fieldwork</p> <p>April to June 2026</p>	<p>Draft Audit Plan</p> <p>Update risk assessment</p> <p>Audit of financial statements to include narrative report and annual governance statement</p> <p>Complete audit testing</p> <p>Evaluate audit findings</p> <p>Audit closure meeting</p>
<p>Reporting</p> <p>July 2026</p>	<p>Audit of Accounts Report</p> <p>Present findings to those charged with governance</p> <p>Auditor General certification</p>

Other statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the Head of Finance.

Audit fee

In January 2026 we published our [2026-27 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required. The fee for the Joint Committee is outlined below. The higher fee in 2024-25 was driven by several additional risks stemming from the dissolution of the body.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Head of Finance.

Your estimated audit fee for 2025-26:

£19,620

Actual audit fee for 2024-25:

£22,623

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will continue where it is appropriate to do so.

The main members of my team, together with their contact details, are summarised in **Exhibit 2**.

Exhibit 2: My local audit team

Engagement Director

Matthew Edwards
matthew.edwards@audit.wales

Financial Audit

Engagement Lead

Matthew Edwards
matthew.edwards@audit.wales

Audit Manager

Yvonne Thomas
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Senior Auditor

Siwan Glyn
siwan.glyn@audit.wales

I can confirm that my team members are all independent of the Joint Committee body and your officers.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our annual [Audit Quality Report](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Further information

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



MEETING	Governance and Audit Committee
DATE	15 January 2026
TITLE	Audit Wales Reports
PURPOSE	Provide an update to the Committee on reports recently published by Audit Wales – ‘The Building Blocks? Capital Planning in Councils in Wales’
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.

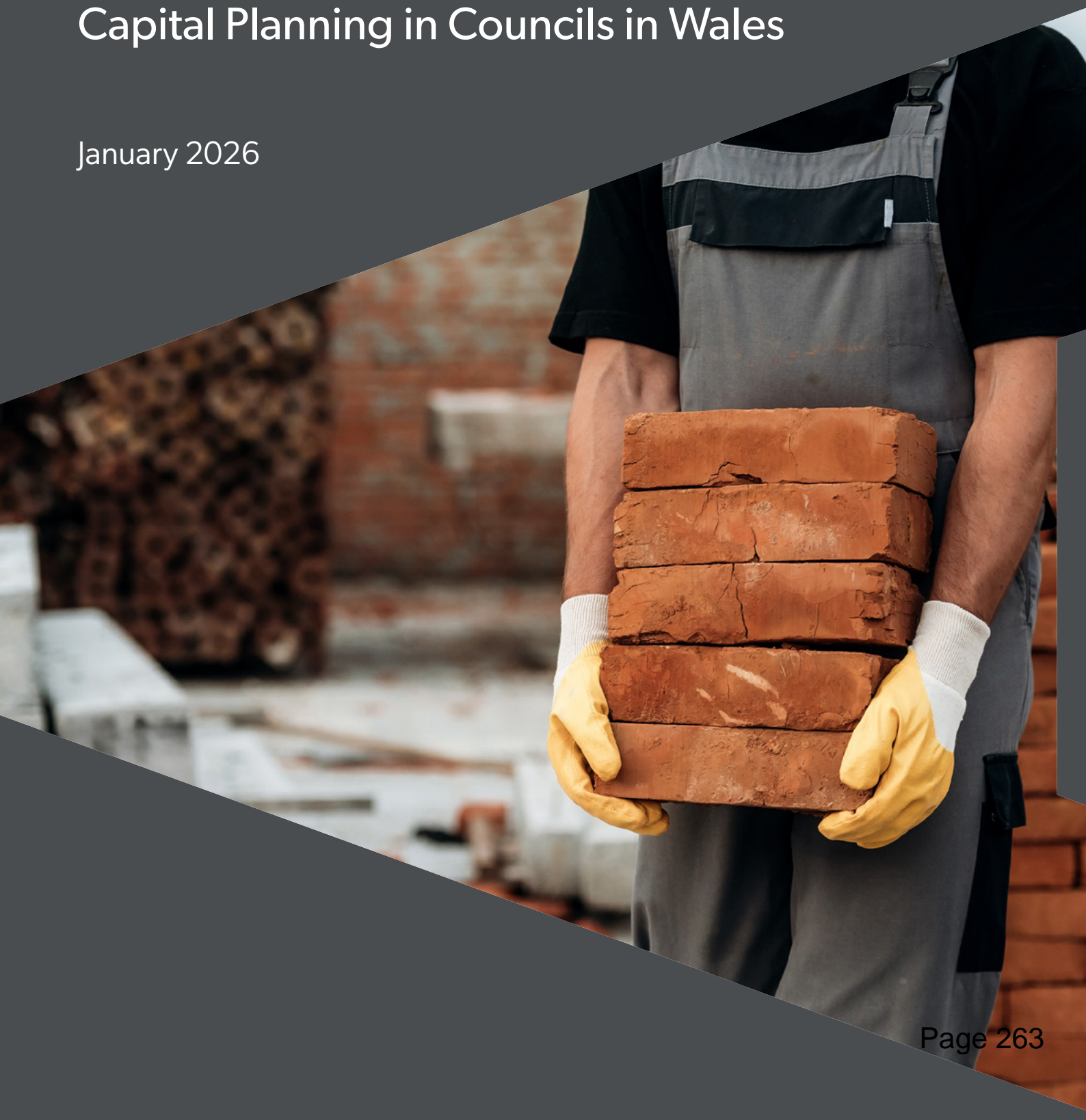
- 1.3. A copy of the national report published by Audit Wales on ‘The Building Blocks? Capital Planning in Councils in Wales’ is included as **Appendix 1**. An organisational response document is included in **Appendix 2** which outlines what we as a Council propose to do in response to the recommendations within the report. **Dewi Morgan, Head of Finance** will attend the meeting to expand on the response, set context and respond to any questions if necessary.

- 1.4. In addition, a copy of a national report published by Audit Wales on ‘**Additional Learning Needs – Do public bodies know if the system is working?**’ has been included for information as **Appendix 3**. Although the report does not contain specific recommendations for the Council, a number of the recommendations to the Welsh Government clearly indicate that local authorities and other public bodies will need to take an active role to ensure their successful implementation.

The Building Blocks?

Capital Planning in Councils in Wales

January 2026



We have prepared this report under section 41(1)(a) of the Public Audit (Wales) Act 2004 and section 145A(1) of the Government of Wales Act 1998, and present it to the Senedd under section 145A(6) of the Government of Wales Act 1998.

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If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

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Foreword

Capital spending by councils is critically important for their day-to-day delivery of services. It covers a wide range of projects. For example, this could include spending on building schools, enhancing libraries, and buying equipment used to provide social care. Councils spent almost £2 billion in 2023-24 across the range of services. Getting the right asset, at the right time, for the right price is central to providing not just essential services but also value for taxpayers' money.

Councils have delivered significant capital projects in the past. Examples include many recent new schools or school improvements. Councils must also manage the less high profile, but equally important, maintenance of sometimes ageing assets, at a challenging time for public finances. These challenges are significant and do not make the delivery of new or improved assets easy.

I have looked at how well councils plan to do this. Councils must balance spending on new assets to meet demand pressures, against the significant financial challenges they face. I recognise that this is an incredibly difficult balance to get right. It underlines, however, the importance of putting value for money at the centre of capital spending decisions.

A large proportion of capital spending is funded by grants. This means it is important that processes for allocating and monitoring grant funding help get the best value for money. I heard from some councils that they felt obliged to do their best to access funding, even when this came with conditions that did not match their local plans or priorities. I also heard concerns around the complexity of grants processes.

I recognise that deciding which grants to offer and their conditions are for funders, such as the Welsh Government, to decide. Grants can help funders to deliver national priorities. However, this can sometimes mean that capital spending may not be helping to meet needs that have been identified as priorities locally. Sometimes, locally identified needs and priorities may differ from national policy priorities. This reinforces the need for dialogue between councils and the Welsh Government to ensure that grant funding processes are as efficient and effective as possible.

My report identifies several suggestions to help councils improve their approach to capital planning. As with any area of spending, being clear on aims and intended outcomes is key to assessing if you are achieving value for money. I found that it is not always clear how capital plans are helping councils to deliver their priorities. As a result, it is very difficult, for councils to know whether they are achieving value for money.

Clearly linking outcomes and the intentions of capital investment is a theme I also raised in [my recent review](#) of the Wales Infrastructure Investment Strategy.

I have also emphasised the need for councils to improve their understanding of the condition of their current assets. Without this understanding, there is a risk that councils do not understand how much they will need to invest in the future and identify the scale of funding gaps. Ensuring good governance of capital planning is also crucial. It is inevitable due to the financial situation that difficult decisions will continue to need to be made. It is therefore important that councillors are equipped to be able to take decisions on capital plans and scrutinise their progress and impact as they are delivered.

Overall, there are opportunities to make value for money a clearer focus of capital plans and capital spending. I also re-emphasise my view that public bodies should accelerate how they think and apply the sustainable development principle consistently in their plans and actions.¹ I hope my report helps councils and the Welsh Government to reflect on these opportunities.



Adrian Crompton

Auditor General for Wales

Audit snapshot

What we looked at

- 1 We looked at how councils plan their capital spending. We focused on councils' annual capital programme and capital strategies. We considered how well informed these plans are and if they clearly set out their intended outcomes. We also looked to see if they take account of things like current condition of assets and available resources to deliver them. We also looked at how well councils inform councillors on their capital spending to help make sure there is effective oversight.
- 2 We designed our work to provide an overall view of how councils plan their capital spending. We also looked to find any common issues for both councils and the Welsh Government to consider. We used our findings to inform our recommendations to improve the value for money (VFM) councils achieve from their capital planning.
- 3 We did not look at the approval or progress of individual capital projects as these are policy decisions for councils to take. We also did not assess the content of councils' capital programmes, or the merits of their aims and ambitions for the same reason.

Why this is important

- 4 Councils deliver significant numbers of new assets for their areas every year. Capital spending enables councils to provide a range of services to residents. It pays for both the buildings and land used to host services, and the equipment used to provide those services. It is, therefore, spending that provides the places, spaces and tools for councils to deliver services for residents.
- 5 We refer to the results of capital spending as being assets. As councils provide a wide range of services, the type of assets bought or built can vary significantly. Councils can own assets to provide services required by law, like schools, housing, or libraries. They can also own assets to provide discretionary services, like shopping centres, leisure centres, or theatres. Capital spending, therefore, influences both the costs, and income available, to councils. Getting this right is key to councils securing VFM.

- 6 Councils currently face significant financial challenges that make delivering capital projects hard. It means also that delivering VFM is especially important.² We recognise that the costs of capital spending are hard to balance with day-to-day spending (known as revenue spending). Costs can include the interest costs of borrowing money or contributing to projects from revenue budgets. Revenue spending can often help councils to meet some challenges more quickly, including helping to manage demand for services.³ Capital projects can typically take longer to complete, which can make them harder to justify when faced with increased demands for day-to-day services.
- 7 However, not spending money on capital plans, can potentially lead to higher costs over time. For example, from high maintenance costs for older assets instead of building new ones. Inflation in the costs of construction can also mean delaying spending costs more in the long term. It can also mean worse outcomes if current assets are no longer suitable for delivering modern services. All of this can also mean higher costs in the future and put further pressure on already challenging budget positions for councils.
- 8 Getting this balance right is both difficult but important to ensure VFM both now and over the longer term. We recognise this is a difficult balance to strike for councils.

2 We describe what we mean by VFM in capital planning in **Exhibit 2**.

3 We have recently reported on the revenue pressures and demands in our financial sustainability reports. This included at a local level in each council and [our national summary](#), published in November 2024.

What we have found

- 9 Councils have a long track record of delivering significant capital projects and have worked hard to maintain assets against a backdrop of increasing financial pressures. We recognise the difficult environment that councils are operating in. In this context, we hope this report will help councils to reflect on their own arrangements and identify opportunities for improvement where relevant.
- 10 Overall, we have identified some areas where we think councils could reflect on how they might improve the way they plan their capital spending. Some of the issues we have identified relate to how capital funding is allocated by the Welsh Government. We found that:
- grant funding processes do not always help councils to plan for the longer term or provide VFM;
 - the intended outcomes of capital plans are generally not clearly set out by councils;
 - the reasons for the need for capital spending are not always clearly set out by councils;
 - reports on capital spending do not usually focus on the VFM achieved from that spending.

What we recommend

- 11 We recommend that councils review their capital planning against our checklist. The checklist sets out key aspects of sound capital planning, informed by our audit criteria. As part of this we have recommended that councils focus on training for councillors in capital planning, ensuring that asset condition information is up to date, and routinely assess the effectiveness of capital projects.
- 12 We also recommend that the Welsh Government review its processes around the award of restricted grant funding.

Key facts and figures



£1.92 billion – the total capital spending by Welsh councils in 2023-24.



83% – the proportion of total capital spending in 2023-24 by Welsh councils on new construction, conversion, and renovation.



£1.04 billion or **54%** – the total of capital spending by councils funded by grants in 2023-24 (at June 2025 prices).



Since 2000-01, grants have been the **largest source of funding** for capital spending by councils.



£0.57 billion or **30%** – the total capital spending by councils funded by borrowing in 2023-24.(at June 2025 prices).



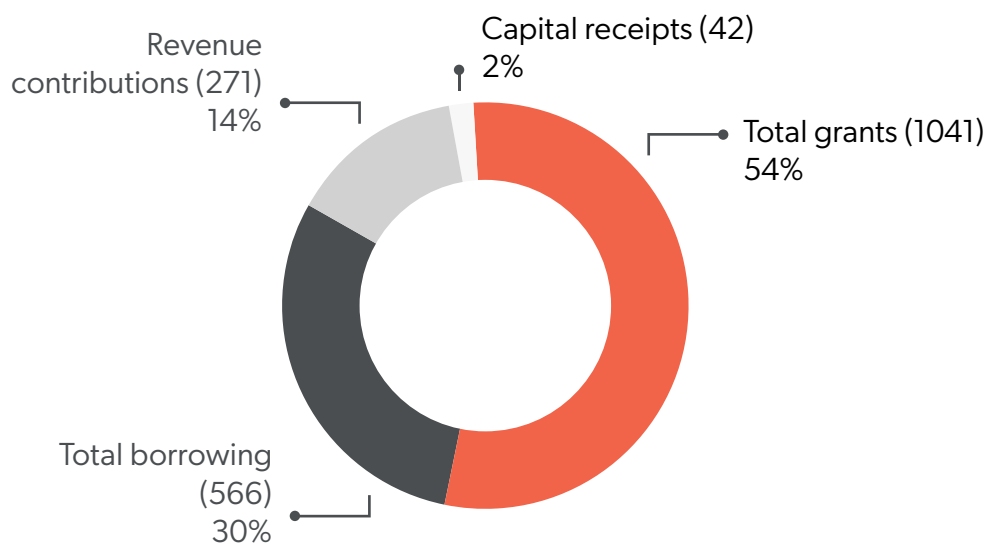
73% – the real terms increase in borrowing by councils for capital spending since reforms in 2004-05.

Our findings

Grant funding processes

13 Grants are the main funding type for capital spending by councils. Between 2000-01 and 2023-24, the share of council capital spending funded by grants grew from 45% to 54%. As **Exhibit 1** shows, capital grants were the largest of the four types of capital funding.⁴ This makes the processes for applying for, awarding, and monitoring grants important to securing VFM from capital spending.

Exhibit 1: total capital spending by Welsh councils by funding type, 2023-24 (in million pounds at June 2025 prices)



Source: Audit Wales analysis of [Welsh Government data](#)

Notes: Audit Wales has adjusted spending data to account for the impact of inflation. Figures are given in June 2025 prices using data [provided by His Majesty's Treasury](#).

Total grants include grants from the UK and Welsh Governments, Welsh Government sponsored bodies, European grants, grants from the National Lottery, and grants from developers. The split between these sources can be viewed at the source. Government grants represented 91% of the total grants in 2023-24.

4 We explain the different funding sources in more context in **Appendix 2**.

The timing of grant funding can make it difficult for councils to plan to secure VFM over the long term

- 14 The time for councils to plan how to use capital grants has reduced since the pandemic. Councils are told the value of their unrestricted capital grants each year as part of the local government settlement. This is a relatively small proportion of total capital grants. The total value of the 2023-24 unrestricted capital grant was £95 million in June 2025 prices – 9% of total grant funding. The settlement also includes revenue funding.
- 15 Before the pandemic, the Welsh Government typically published the provisional settlement in October and finalised it in December. Since 2019, these timescales have moved to December and February or March, respectively.⁵ This reduces the time for councils to plan their spending, as they must approve a balanced revenue budget by March each year, to set Council Tax levels for the new financial year. It can also reduce the amount of time that councillors have to scrutinise proposed capital spending plans.
- 16 The timing and complexity of restricted grant funding for capital projects can also make it difficult for councils to secure VFM. The Welsh Government often provides extra grants or increases in the amount of grants near to the end of the financial year. Often, councils also then need to spend the grants in that financial year. This is often due to funds becoming available because of underspends in other areas within the Welsh Government.
- 17 We heard similar concerns from councils that the UK Government also sometimes provides funding at relatively short notice. This can mean significant and unplanned increases in funding for councils, which can lead to a short-term or opportunistic approach. This makes it difficult for councils to plan to deliver long-term benefits and plan to integrate their spending across departments and with other public bodies.
- 18 This means that councils are less likely to use this funding in a way that maximises VFM over the longer term, and is potentially not the best use of public money. We set out what we mean by VFM in capital planning in **Exhibit 2** below.

5 We set out further details on the settlement process in our [national financial sustainability report](#), published in December 2024.

Exhibit 2: VFM in capital planning

What do we mean by VFM in capital planning?

Value for money (VFM) is about whether money is being used to deliver intended outcomes at the best price. It is commonly associated with the ‘three Es’ – economy, efficiency and effectiveness. We have summarised these as:

- economy – Getting the right deal by securing the necessary inputs, to help achieve intended outcomes, at the lowest possible cost
- efficiency – Doing things right by making the most of the inputs to generate outputs designed to achieve intended outcomes
- effectiveness – Getting the right results by achieving the intended outcomes for the short and longer term

VFM is therefore not just about costs, but about the quality and effectiveness of the service delivered for the money spent. For capital planning, this means councils ensuring they have the right assets, in the right place, in the right condition, and for the right cost.

Source: Audit Wales

- 19 A key impact of restricted grant funding being made available at short notice is on projects already planned. New funding can disrupt current projects, as officers must balance managing the delivery of existing projects with applying for, and spending, new funding. As funding often becomes available mid-year, it can encourage a focus on short-term rather than longer-term planning.
- 20 Annual funding awards from the Welsh Government also do not help councils focus on longer-term planning. Councils only know the level of unrestricted capital funding they will have for the following year in each annual settlement. This means that they can only plan with certainty in the short term. Councils believe this makes medium to long-term planning difficult and encourages them to have a short-term focus. Officers told us they feel this limits the VFM that councils can get from capital planning. Welsh Government officials told us that it can, and does, award funding over multiple years. But they explained that this needs to be balanced between funding commitments, ministerial priorities, and reducing administrative burden.

- 21 However, some councils have made assumptions about the level of future funding to inform their capital plans. This can help councils to plan how to make the best use of capital spending over a longer period.
- 22 By awarding funding late in the financial year, the Welsh Government risks not increasing the overall amount of capital spending in the same year. Grant conditions typically require a council to spend funds before the end of the financial year. This means that there is significant pressure to plan and spend those funds or risk losing the funding. This can encourage councils to use grant funding on projects that they had been due to fund in another way. For example, through local borrowing or revenue contributions. Equally, councils may decide to borrow or use revenue budget contributions in a future year instead.
- 23 The Welsh Government has taken action to prevent some local funding from being replaced by restricted capital grants. But this has increased the work needed by councils to apply for it. Some schemes, such as the Local Government Borrowing Initiative (LGBI), require councils to show that they have not displaced local funding and how the funding will be used for additional projects. Whilst this helps to ensure that overall capital spending increases, some officers described the application process as being time consuming.
- 24 Some of the issues set out above suggest that closer working and understanding between local and national government would be beneficial to both. Our fieldwork suggests that there is potential to improve the understanding of each other's perspectives. For example, the deadlines for some grant applications are seen as unrealistic, particularly in some smaller councils.
- 25 There is also sometimes confusion over the differences in funding and accounting rules between local and national government. These differences are not widely understood outside respective finance teams. To help ensure that funding is used to get the best VFM, it is important that the perspectives of each sector are well understood. This includes the potential impact of funding processes on financial planning and service delivery.

Restricted grant funding for councils is not co-ordinated across the Welsh Government

- 26 Grants are a way in which the Welsh Government can help to implement its policy agenda and deliver its well-being objectives. The Welsh Government, therefore, often links its funding to its priorities. It is for the Welsh Government to set its own policy in determining how it allocates grant funding. The Senedd is then responsible for approving how funding is allocated and holding the Welsh Government to account.
- 27 The Welsh Government awards restricted grants from across different ministerial portfolios. It does not co-ordinate its development or awarding of grants to councils centrally. Each grant is awarded by the sponsoring part of the Welsh Government. This can mean different application, business case, and monitoring requirements. This is to enable schemes to be flexibly designed to meet the relevant policy aims.
- 28 This sometimes also means grants can be combined to deliver a project with multiple policy aims. Capital projects often have budgets that exceed the size of individual grants, and so councils need to combine grants to deliver them. However, this can make it difficult and complicated for councils to make use of grants. Particularly for projects that might require several grants to deliver, that may have different timescales and application processes.
- 29 The UK Government has set a business case approach that the Welsh Government must follow. This is known as [the Green Book](#). The Green Book sets out how projects should be evaluated, setting out costs, benefits, and trade-offs for delivering objectives. It adopts the 'Five Case' model for business cases. Welsh Government officials explained that this is the model that all grants should follow in their applications, except in certain circumstances, such as flood repairs. Despite this, councils told us that processes vary for different grants, and sometimes the scale of requirements vary significantly and are not necessarily proportionate to the funding available.
- 30 We recognise the importance of ensuring that grant funding is spent in accordance with policy aims and that spending is monitored and properly accounted for. However, to ensure that use of capital grant funding secures VFM, it is important that these processes are proportionate. We heard concerns from some council officers that the complexity of the application process makes them question the value of applying for some grants.

- 31 We also heard concerns that the rationale for different restricted grant application rules are not always clear. For example, the use of competitive bidding for flooding prevention grants rather than a risk-based approach. The Welsh Government's current approach allows flexibility to meet policy objectives. But there remains a risk that application processes are not helping councils, and therefore the Welsh Government, to get the best VFM.
- 32 Councils also do not have a consistent business case approach. Some councils shared their approaches with us, which vary in depth and coverage. In general, council business cases do not clearly follow the 'Five Case' model. This means that projects are often likely to need multiple business cases for internal and external use. Needing to produce multiple business cases is unlikely to be an efficient approach and is likely to reduce the VFM gained from capital spending.
- 33 Although the Welsh Government has taken steps to standardise parts of its restricted grant processes, its business case requirements for grants vary. The Welsh Government has developed standardised documents and processes for some of the grants it offers. However, most of this work has focused on revenue grants. This means that there is potential for confusion if different parts of the Welsh Government use different terms to meet the requirements of the Green Book. Greater consistency in how the Welsh Government awards grants could reduce the risk of duplication and help councils to have a clear understanding of requirements to access grants. This has the potential to improve efficiency and therefore VFM.

Councils sometimes apply for restricted grant funding to deliver projects that do not reflect their local priorities

- 34 Most capital spending by councils is funded in part or completely by grants. This can mean that councils access grants, even where this may not help to deliver local priorities. Some officers described how they feel 'obliged' to bid for grants, so their council receives a share, even where it may not be a significant benefit to their area. We heard examples of investment in areas where officers perceived there was little local benefit.
- 35 How capital grant funding is distributed is largely a matter of policy to be decided by the Welsh Government. However, the current system can incentivise an opportunistic rather than a strategic approach to bidding for grants. This risks councils using capital funding in ways that are not tailored to their local areas and therefore less likely to meet locally identified needs.
- 36 We have included these findings to highlight their risks to councils and the Welsh Government in being able to secure VFM. We do not criticise either councils for accessing available funding to make improvements to their local area or the Welsh Government for using grants to help deliver its policy agenda. However, this does highlight the importance of making sure that the potential implications for VFM of grant funding processes are considered.

Councils' capital plans

37 Councils across Wales deliver hundreds of capital projects each year. In 2023-24, the total spending by councils was £1.92 billion (based on June 2025 prices). This shows the volume of projects that councils have successfully delivered. It also highlights the amount of public money being spent by councils and the need to get the best VFM from it. Capital plans and strategies are a way in which councils can set out how they plan to achieve VFM from their capital spending.

Councils' capital plans focus on ensuring they follow borrowing rules rather than setting a strategic vision for their capital spending

- 38 Capital projects can take several years, be complex, and of a significant size. This means that planning for spending at the right time, for the right reasons, and at the right cost is critical to delivering VFM. Currently, councils do not always show how they think about this in their capital plans.
- 39 Councils' capital plans do not set out a detailed understanding of their strategic position. Instead, plans mainly focus on enabling councils to borrow money to fund activity. Councils use their capital plans or strategies to show how they comply with the Prudential Code (the Code). The law requires councils to comply with the code to be able to borrow money.⁶ It requires, for example, councils to think in the long term when making decisions and be focused on achieving objectives the council has set itself.
- 40 Capital plans are usually short term in nature. Councils typically publish their capital plans annually as part of the budget setting process. They usually also publish their list of projects for the next year at the same time. This means that plans have a relatively short-term focus and are then revised each year. Planning for the longer term can both show how the Code has been applied, but can also help councils to ensure they are balancing short and longer-term factors to achieve VFM.
- 41 All councils have a capital strategy. However, whilst some include a strategic vision, the majority were focused on the minimum content required by the Code. This means that most councils may be missing an opportunity to set a clear strategic direction for their capital investments. Strategic direction can help the council to develop projects that contribute to shared objectives and aims.

6 We explain the requirements of the Prudential Code in **Appendix 2**.

Councils do not clearly show how their capital plans support the delivery of their well-being objectives

- 42 It is not clear how councils ensure their capital plans help them to deliver their well-being objectives. All councils must set well-being objectives by law. Well-being objectives provide strategic direction for local priorities, as well as showing how councils are contributing towards the national well-being goals. Councils do not set out how their capital plans will help them meet these objectives. Most plans mention well-being objectives and that the plans support the achievement of them, but lack detail to demonstrate how they will do this. This could increase the risk of councils approving projects that do not help them meet their objectives, or, at worst, impede their progress.
- 43 Some councils questioned whether capital plans needed to be linked in detail to well-being objectives. In their view, their corporate plan provided strategic direction and so it was not necessary to include this detail in capital plans. However, without showing how they intend capital spending will support their wider corporate objectives, it is difficult for them to know if they are achieving VFM.
- 44 Councils do not always clearly show how individual capital projects support the delivery of their well-being objectives. Some councils set out how capital projects support strategic objectives, but they generally do not explain in detail how they will do this. This makes it difficult for councils to know if and how individual capital projects are supporting them to deliver their well-being objectives and therefore secure VFM. This also reduces the opportunity for councillors to scrutinise the rationale for projects.
- 45 Conwy County Borough Council clearly shows how individual capital projects link to its strategic objectives. The Council publishes a business case for each proposed project in its annual capital plan (**Exhibit 3**). The business cases are also published and reported to councillors so they can scrutinise them. This helps councillors to scrutinise the intended impact of capital spending.

Exhibit 3: interesting practice example

Conwy County Borough Council capital business cases

For each proposed project, Conwy Council completes a business case proforma that includes:

- a description of the project and how it supports services;
- the five main intended outcomes of the proposal;
- how the proposal links to its corporate plan outcomes;
- other options that have been considered instead of the proposal;
- the impact of the proposal on corporate risks and climate change;
- how the proposal demonstrates the five ways of working set out in the Well-being of Future Generations (Wales) Act 2015;
- the delivery implications of the proposal; and
- key financial information like upfront capital costs and ongoing revenue costs.

Source: Conwy County Borough Council

Councils do not clearly explain their aims for capital planning

- 46 Councils' capital plans do not clearly set out the aims and objectives that councils are seeking to achieve from their capital spending. Although officers and councillors were able to more clearly describe what they saw as their council's ambition for capital planning during interviews. Councils' plans for capital planning vary significantly. Some councils focus largely on maintenance only, due to a lack of funds, whilst others described a focus largely on developing new assets only. A few others described their ambition to do both at a significant scale.
- 47 Setting clear aims and objectives also has a range of benefits. They include:
- aligning capital plans to other plans and strategies that councils and their partners have in place. This could include, for example, digital strategies or workforce planning.
 - aligning capital plans to any financial targets for capital receipts generation or other financial indicators.
 - setting a clear direction to officers and councillors about what the council is aiming to achieve. This helps to provide a framework for officers to develop proposals and for councillors to scrutinise proposals and take decisions.
 - helping to be clear on why individual projects have been included in the capital plan and how these support the overall aims and objectives.
- 48 There can be a tension for councillors in making decisions on capital plans in balancing the needs of their local area and the council area. We recognise there will always be tensions and competing priorities for capital funding, particularly during a time of significant financial constraints. We also recognise that decisions on how to allocate budgets within councils are a matter for councillors. However, competing priorities reinforce the need for councils to set clear intended outcomes for their capital plans, to help ensure that spending is focused on securing the best VFM over the council area as a whole.

Councils do not clearly set out how they will achieve VFM in their plans

- 49 The Prudential Code requires councils to consider VFM when planning their borrowing. Whilst some plans reference the need to secure VFM, almost all plans do not set how councils intend to achieve it. This increases the risk of councils either not securing value for money, or knowing if they are securing VFM, as the plans are delivered.
- 50 The Vale of Glamorgan Council includes a section in its capital strategy that sets out how it will achieve VFM. It sets out the arrangements it will use to do this, such as its procurement strategy and project management methodology. Being clear on the arrangements needed may help to reduce the risk of the council not securing VFM.

The evidence base for capital plans

51 Well informed decisions on capital spending are key to helping councils to achieve VFM. This can include considering a range of factors, such as the condition of current assets, statutory responsibilities, new technology or demographic trends and public expectations. Balancing all of these factors is difficult, and many future trends are not easy to predict. However, taking account of these factors can help councils to plan for the longer term and ensure that capital spending is focused on need.

Councils do not generally have a comprehensive understanding of the condition of all of their assets

52 Understanding the condition of assets is a key source of evidence to inform capital plans. It should influence decisions on which assets to maintain, repair, replace and dispose of. Audit Wales and its predecessors have highlighted this in the past.⁷ In 1988, the Audit Commission recommended that councils measure the condition of their assets to plan for their maintenance. It repeated these findings in 2000.⁸ It also argued for the need for councils to know the VFM that council properties were delivering. Similarly, we have also recently reported that councils need to know the condition of their assets, to plan to get the most VFM from them over the long term.⁹

53 The level of concern about the condition of assets varies by council. We heard some concerns about the general ageing of key assets. This includes not just those owned by councils but also those that they rely on that are owned by third parties. Concerns focused on the risk that the scale of the issue has not been fully assessed, to enable assets to be maintained or replaced. The UK National Infrastructure Commission (UKNIC) notes that key assets are increasingly exposed to risks from age and climate change.¹⁰ It called for better up-keep and renewal of assets, in addition to longer-term decision-making.

7 The Audit Commission audited councils and some other public bodies in Wales before devolution.

8 Audit Commission, [Hot Property](#), April 2000

9 Audit Wales, [Springing Forward](#), September 2023

10 UKNIC, [Second National Infrastructure Assessment](#), October 2023

- 54 Despite these concerns, councils have not completed asset condition surveys of most of their assets. Although many councils have said they will complete surveys, they either have not done so yet, or will do as part of a multi-year plan to do so. Councils instead generally rely on the views of their estates officers to know about the condition of their assets to inform maintenance plans. This poses risks, including the significant reliance placed on the knowledge and experience of key individuals. It also means information on asset condition may not be comprehensive or consistent. The lack of comprehensive information on asset conditions means that capital plans are generally not well informed.
- 55 Councils generally have a better understanding of the condition of their schools and roads than other assets. This is due to support from the Welsh Government. The Welsh Government funded surveys to give a consistent view of the condition of school buildings. This allows for comparisons of conditions and cost estimates. A similar approach has also been taken with some roads. Overall, this means that maintenance plans for roads and schools have been better informed than for other service areas.
- 56 Many councils plan to carry out asset condition surveys. Surveys are a common action in asset management and capital plans. Some councils have already started this process and are using it to guide future projects (**Exhibit 4**). These examples show that knowing the condition of assets can also help inform service change or transformation projects.

Exhibit 4: interesting practice examples

Powys County Council

The Council has started a rolling survey programme of its assets. The surveys will share findings to its transformation project. This means that capital information will be used with delivery and financial information factors to make decisions.

Rhondda Cynon Taf County Borough Council

The Council has surveyed its in-house care homes. It has used this to review their condition and their potential for change. This has informed its decisions about the future of its social care provision.

Source: Powys County Council and Rhondda Cynon Taf County Borough Council

57 Knowing the conditions of assets also helps councils ensure that their financial accounts are accurate. Councils are required to ensure that the value of assets recorded in their accounts is materially accurate. This means knowing what the impact of any damage or change of use can have on their value. For example, where a school roof requires replacement, this may mean the value of the school building needs to be impaired. Maintaining a good understanding of asset condition helps councils ensure that the fair value of assets is recorded.

Capital plans do not clearly set out the impacts of national policy and how this has shaped them

- 58 National objectives and policies can have a range of influences on local capital plans. It is clear from our interviews, officers know the influence that national policies can have on capital plans. This includes:
- changes to the Welsh Housing Quality Standards for councils that have council houses;
 - the requirement for children’s social care providers to be not for profit that may require changes in in-house provision;
 - the target for the public sector to be net zero in carbon emissions by 2030 that may require changes to fleet or buildings; or
 - changes to recycling targets that may require changes to equipment and facilities.
- 59 Whilst clearly aware of these influences, few councils can show how they have considered them in their capital plans. This means it is not clear how councils have factored these issues into planning nor any tensions there may be with local priorities.
- 60 Some councils, however, did highlight some key influences on their strategy. For example, Pembrokeshire County Council included a strategic context section that included local corporate plan aims, climate change, and homelessness.

There is an opportunity for councils to work more closely with partners to plan their capital spending

- 61 Councils do not set out in their capital plans how they align with the objectives of other organisations, or with the seven national well-being goals. This risks councils duplicating or missing opportunities to secure multiple benefits and therefore not securing VFM.
- 62 Councils are required by law to take part in partnerships such as Public Services Boards (PSBs), Regional Planning Boards (RPBs), and Corporate Joint Committees (CJCs). Councils' partners sometimes cover geographical areas wider than their own, such as the emergency services or national park authorities.
- 63 We saw few examples of councils planning capital spending with partners outside of RPBs. In some areas, we heard that RPBs are seen to be driving collaborative investment in social care between councils and health boards. RPBs must send 10-year capital plans to the Welsh Government, which then provides funding directly to them. Officers were positive about the benefits of this approach in some areas, although this was at the initial stages of projects. In other areas, RPBs were not seen to have the same impact due to partners focusing on delivering their own plans.
- 64 Collaborating with partners to plan capital spending could provide opportunities to improve VFM, through, for example, sharing expertise, joint investments, sharing buildings, or buying equipment together.
- 65 During interviews, officers and councillors identified a number of barriers to collaboration with partners. These included:
- partners having different aims and objectives;
 - challenges of splitting costs and the use of assets between partners;
 - deciding who owns an asset;
 - different rules and timings for funding between sectors;
 - the time it takes to participate in a complex range of partnerships that councils are part of; and
 - public bodies covering different geographical areas.

- 66 We recognise that there are often factors that make planning capital spending with partners difficult. However, by exploring and evaluating opportunities to collaborate, councils may identify opportunities to improve VFM. Partnership working is also a theme we have highlighted in other work recently, as an area that public bodies could strengthen to improve services and VFM.¹¹
- 67 All the councils we met with could give examples of individual capital projects they are delivering in partnership. This included the joint purchasing of school ICT equipment and electric cars to achieve economies of scale. Some councils also described how they are co-locating services into one building with partners. This could help councils in delivering multiple objectives, such as investing in town centres, releasing surplus assets for sale, and/or making services more accessible for residents.

Capital plans are not clear on how they will help to reduce councils' capital risks

- 68 Most councils include some capital risks on their corporate risk registers, but it is often not clear how these inform capital plans. Of the 20 registers we looked at, almost all included a risk that was related to capital spending.¹² We found 81 capital-related risks in total. The type and nature of the risks varied by council. Some risks were more specific, such as the impact of climate change on assets or building capacity. Half of the registers included a risk that focused on the delivery of capital projects or the risk of not achieving intended outcomes.
- 69 We found few examples of councils clearly showing how their assessment of risk informed spending on buildings or equipment. For example, we found that 9% of capital risks related to condition. However, councils do not clearly show how they include asset condition in their capital plans (**paragraph 52**). This means the link between risk and spending is not always clear.
- 70 This was also the case for financial risks. 15% of the capital risks focused on the risk of councils not being able to fund their capital plans. This links to the views of almost all officers and councillors that money was the main limit on capital plans. This means that councils do not yet fully understand the scale of their funding challenges or the implications of not addressing it.

11 For example, it is a theme in our recent summary of findings from our work on the Well-being of Future Generations (Wales) Act – Audit Wales, [No time to lose](#), in April 2025.

12 Two registers were not publicly available and so were not part of our analysis.

Councils do not clearly assess the equality and socio-economic impact of their capital plans

71 Only two councils have assessed the equality and socio-economic impacts of their capital plan. Some councils assess the impact of individual projects, although this varies according to the size and significance of those projects. Some councils also felt that this was not necessary if the projects were supporting delivery of their well-being objectives. As a result, it is not always clear how councils assure themselves that their plans are helping them to meet their statutory duties and meeting the needs of local communities.

Lack of officer capacity is limiting some councils' ability to develop their capital plans

72 Whilst this varies across councils, we heard some common concerns regarding a lack of officer capacity, these included:

- a lack of time and capacity for officers to plan due to day-to-day demands of service delivery;
- a lack of specialist skills within councils;
- challenges in recruiting and retaining officers;
- a reduction in some design or technical officers in councils; and
- contractors not being available to complete work when councils need it done.

73 Most councils we spoke to acknowledged they have skill gaps in some specialist areas. Some councils have used consultants to address this, but commissioning consultants can sometimes lead to increased costs. The time taken to commission consultants can also lead to delays in project delivery.

74 Delays and difficulties in the supply of contractors are also limiting how quickly councils can deliver their capital plans. All councils we spoke to raised this as a concern. This reflects the findings of the UKNIC. It reported that the lack of long-term investment by the public sector in construction has contributed to a lack of capacity. The UKNIC also found that how the construction sector is split up, such as through sub-contracting work, has made the capacity issue worse and led to higher costs. It is therefore important that councils consider how to overcome these challenges when developing their capital plans.

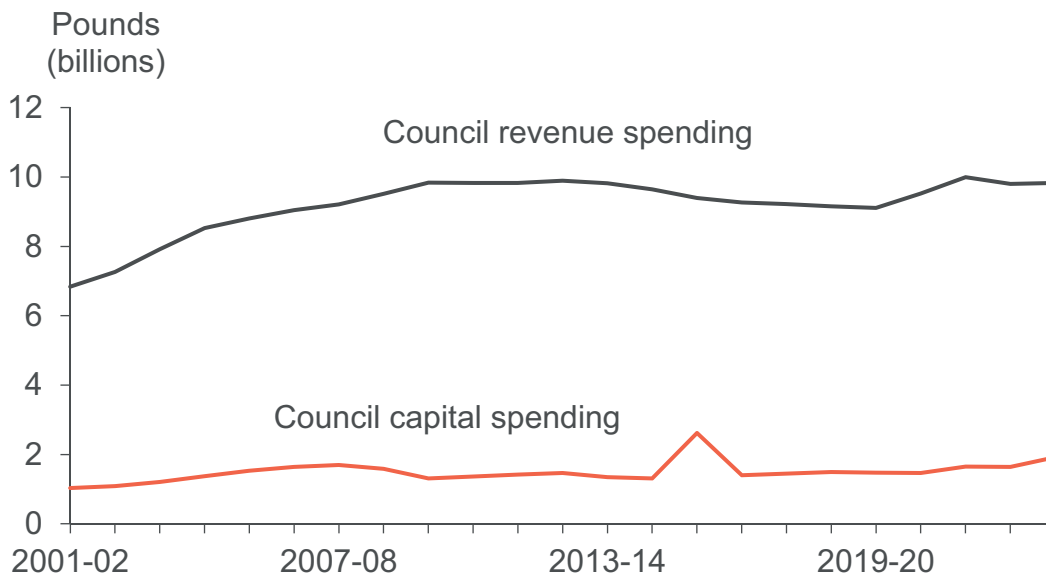
- 75 Councils' capital plans have not clearly set out in their capital plans how they will respond to all these potential limits on capacity. Many capital plans include a skills and people section. However, these sections largely focus on the financial skills needed to borrow money. They generally do not focus on the capacity of officers, and the technical skills needed to deliver plans and capital projects. By considering potential capacity restraints and how they might be overcome when developing plans, councils could reduce the risk of plans not being delivered.
- 76 One option to improve capacity could be to share specialist expertise across councils. We found little evidence of councils considering this as part of their approach to capital planning. This suggests there may be an opportunity for councils to explore this further to get better VFM and address their lack of specialist capacity.

Funding capital spending

The level of capital spending by councils has remained broadly the same in recent decades, despite revenue spending increasing

- 77 The condition of almost all assets deteriorates over time. All councils inherited a mix of assets built or bought by their predecessors before 1996.¹³ Councils have also faced increased levels of service demand in some key services, including, for example, social care and housing. The need to replace existing assets and increased demand for services can lead to increased demand for capital spending.
- 78 However, capital spending levels since 2001-02 have been largely static, especially when compared to revenue spending by councils (**Exhibit 5**).

Exhibit 5: net revenue and capital outturn spending by councils, 2001-02 to 2023-24 (in billion pounds at June 2025 prices)



Source: Audit Wales analysis of Welsh Government data ([revenue](#) and [capital](#))

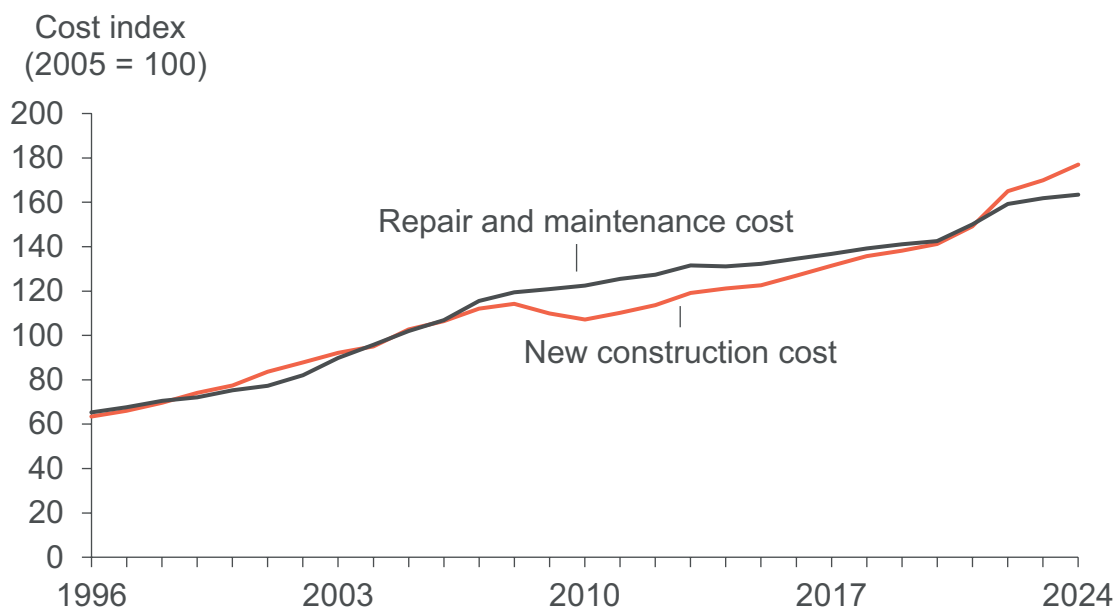
Notes: The 2015-16 capital data is inflated due to the process where 11 councils that owned council houses paid the UK Government to leave the housing subsidy system. The UK Government had used the subsidy system to ensure that rents covered costs with no deficit or surplus made. The 11 councils borrowed money to pay a lump sum to cover the loss of future surpluses to the UK Government. At June 2025 prices, this has a real terms value of £1.2 billion.

Audit Wales has adjusted spending data to account for the impact of inflation. Figures are given in June 2025 prices using data [provided by His Majesty’s Treasury](#).

¹³ The current unitary councils were created in 1996 and replaced the former county and district councils.

79 By avoiding or delaying capital spending, councils can face significantly higher (or potentially lower) costs in the future. As **Exhibit 6** shows, the costs of both new construction and maintenance have increased significantly over time – especially since the COVID-19 pandemic. This means delaying a project in the short term could reduce VFM in the long term. We recognise that predicting future trends is difficult, and the pandemic and its impact were unprecedented in modern times. However, this shows the importance of taking a long-term view to achieving VFM through capital planning.

Exhibit 6: indexed costs of new construction and maintenance, quarter four 1996 to quarter four 2024



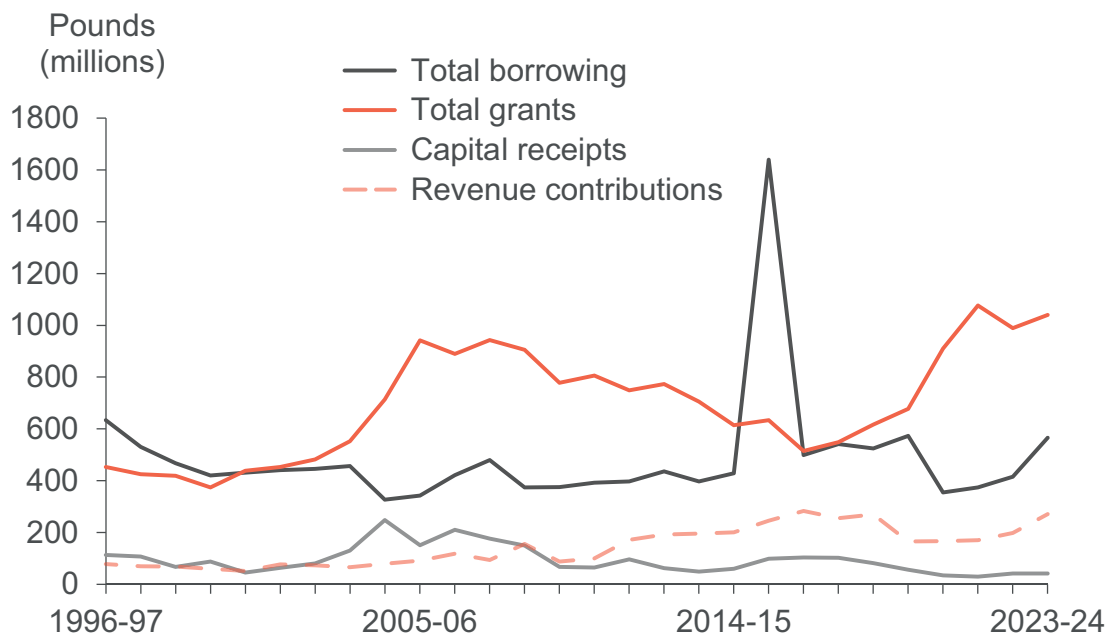
Source: [UK Government](#) (up to 2014) and the [Office for National Statistics](#) (2014 onwards)

Notes: The costs are indexed with quarter one of 2005 being equivalent to 100 by the source of the data. This chart includes only quarter four data to illustrate the trend.

80 Investing in capital projects, whilst often meaning initial up-front costs, can help to reduce costs over the longer term. For example, a new building is likely to require less maintenance, be cheaper to heat and have a smaller carbon footprint. Councils can borrow money to increase their funding, but in doing so, they have to balance the cost of a project (both now and in the long term) against the need for the spending and the costs over time of not progressing with a project. Getting this difficult balance right is key to delivering VFM.

- 81 Councils have not significantly increased their level of borrowing over time to support their capital programmes. **Exhibit 7** shows that the real terms value of borrowing has been broadly consistent and has not overtaken the same level borrowed in 1996-97. This means in practice that the amount councils spend on capital projects is shaped by the amount of grants available rather than their borrowing.
- 82 This suggests that, overall, councils have generally decided not to increase borrowing to fund capital projects. This is understandable, particularly in an era where there has been continued pressure on public finances. However, this may also mean that, over the longer term, maintenance and other costs may increase. This, in turn, could place further pressure on already stretched revenue budgets.

Exhibit 7: real terms changes in the sources of capital funding by councils, 1996-97 to 2023-24 (in million pounds at June 2025 prices)



Source: Audit Wales analysis of [Welsh Government data](#)

Notes: The 2015-16 data is inflated due to the process where 11 councils that owned council houses paid the UK Government to leave the housing subsidy system. The UK Government had used the subsidy system to ensure that rents covered costs with no deficit or surplus made. The 11 councils borrowed money to pay a lump sum to cover the loss of future surpluses to the UK Government. At June 2025 prices, this has a real terms value of £1.2 billion.

Audit Wales has adjusted spending data to account for the impact of inflation. Figures are given in June 2025 prices using data [provided by His Majesty's Treasury](#).

Less money from the sale of assets has led to councils spending more of their revenue budgets on capital projects

- 83 Councils sometimes use the proceeds of selling assets to fund their capital spending. These are known as capital receipts. The value of capital receipts used to fund capital spending by councils has fallen sharply over time (**Exhibit 7**). This may be due to them having fewer surplus assets, or, for example, falls in the value of property. This has led to councils increasing contributions from their revenue budgets to fund projects. Councils already face significant financial pressures, which means the use of revenue funding in place of capital receipts may increase risks for the financial sustainability of councils.
- 84 However, councils face a difficult balancing act. As noted above, by not investing in capital plans, councils can also risk higher revenue costs, like running or maintaining inefficient buildings. Older assets may also not help councils deliver wider objectives such as reducing carbon emissions or digitising services. To reduce these risks, councils will need to balance the long and short-term impacts of revenue contributions to get the best VFM over the longer term.

Performance reporting and scrutiny

- 85 We recognise that setting out and measuring the intended outcomes of capital projects can be difficult. For some projects, the outcomes will not be known for many years.
- 86 However, public reporting on project delivery and progress towards outcomes can help provide assurance that projects are progressing as planned and are meeting their objectives. This can also help councillors, officers, and other stakeholders assess and monitor if councils are delivering VFM.

Most councils regularly report on the progress of capital projects but these reports focus mainly on budget monitoring

- 87 Most council cabinets receive progress reports on their capital projects. These progress reports typically focus on what they have spent. Reports typically set out the spending on a project and how this varies to the forecasted budget. Reports generally contain limited information, for example, on the reasons for delays in projects, and the impact of this on the council's well-being objectives. This limits the potential for cabinet members and other stakeholders to understand how well the council is progressing its capital plans.
- 88 We also found that scrutiny committees do not regularly request or receive reports on capital plans and projects. Whilst it is for individual scrutiny committees to set their own work programmes, capital projects are a significant area of council spending and activity. We heard from members and officers that, typically, councils focus more on their revenue budget plans than capital. This was felt to be partly because revenue spending often provides a more immediate outcome. However, greater focus on capital plans by scrutiny committees could help to ensure that risks to the delivery of capital plans and projects are identified and addressed.
- 89 Councils also do not routinely evaluate their projects to know if they have achieved the benefits they planned for, after they complete them. This means that councils do not always know whether their capital projects and plans have delivered VFM.

Councillors often do not receive training to help them oversee capital planning

- 90 Not all councils offer training to councillors on capital planning. Some councillors believed that they had received training that would help them engage with reports on capital planning and spending, but most did not. There are a range of possible topics that councillors might find beneficial, including, for example, the financial rules that govern capital planning. Ensuring that councillors are equipped with the knowledge and skills to be able to take decisions, scrutinise proposals and monitor delivery is important to ensure proper oversight of capital planning.
- 91 Council officers explained that treasury management training is the main way to improve councillors' knowledge of capital planning. Treasury management is how an organisation manages their money and investments to support their aims and maximise their value. This is important, as councils can borrow money to fund capital projects, but also need to be prudent when deciding how much to borrow. However, there are other key aspects of capital projects that also need to be considered against the costs of borrowing, including, for example, the benefits of a project for service users.
- 92 We also heard that, when training sessions were offered, engagement and attendance of councillors was often poor. This means that councillors may be making decisions on, or scrutinising capital plans, without the appropriate knowledge.

Recommendations

Recommendations for councils

R1 Councils should review their capital planning arrangements taking account of the issues we have identified in our report, to identify and implement opportunities for improvement. We have developed a checklist (**Appendix 4**) that councils may find helpful to support this.

As part of this, we recommend that councils should focus in particular on:

- 1.1** ensuring that capital plans and financial statements are informed by a recent, accurate and comprehensive knowledge of the condition of their assets (**paragraphs 52 to 57**);
- 1.2** routinely evaluating their capital projects to assess if they have achieved their intended outcomes (**paragraphs 87 to 89**);
- 1.3** ensuring that appropriate training is provided to councillors to enable them to take well-informed decisions on, and provide effective oversight and scrutiny of, capital plans and projects (**paragraphs 89 to 91**).

Recommendations for the Welsh Government

- R2** The Welsh Government should review its restricted capital grants processes to ensure that they are proportionate and where practical, consistent, to improve the efficiency of grant funding processes. This should include:
- 2.1** improving co-ordination between different parts of the Welsh Government on grant timing, application requirements, and ongoing monitoring arrangements (**paragraphs 26 to 33**);
 - 2.2** developing a more consistent business case approach for grants, proportionate to the scale of grants or the level of risk associated with them (**paragraphs 28 to 29, and 32**).

- R3** The Welsh Government should ensure that, where practical, new capital grant funding schemes help councils to plan over the longer term. To do this it should review if:
- 3.1** longer timescales for grants can be introduced, including indicative funding over the medium term;
 - 3.2** greater notice can be given to councils that grant funding will be available;
 - 3.3** where is not possible, the Welsh Government should communicate with council officers to support their understanding of the reasons for this (**paragraphs 14 to 25**).



Appendices

- 1 About our work
- 2 Capital spending explained
- 3 Key terms in this report
- 4 Capital planning checklist

1 About our work

Scope of the audit

We looked at how all 22 principal councils in Wales plan their capital spending. To do this, we focused on their key planning documents, like their capital strategy and annual capital budget. We looked at the information within them and their supporting papers. We limited ourselves to the evidence shared with us by each council and those publicly available on their websites.

We did not look at the projects that are included within council plans. We did not form a view on the merits of their inclusion nor on the aims and ambitions that each council has set.

We also did not look at the capital planning carried out by other public bodies. Our work focused only on the principal councils and not other local government bodies, such as Fire and Rescue or National Park Authorities.

Audit questions and criteria

Audit questions

Our questions aimed to help us form a national view of capital planning by councils. This was to enable us to make recommendations to help councils improve the VFM they achieve. To do this, we focused on:

- whether councils are taking a strategic approach to their capital planning;
- if councils understand their current assets and what is needed for the future and if they use this to inform their capital plans;
- if councils use their understanding of their financial position to help them plan; and
- whether councillors provide and are supported to provide effective oversight and scrutiny of capital planning.

In our questions, we also looked to consider whether councils had thought about and applied the sustainable development principle in their capital planning.

Criteria

We shaped our criteria by looking at guidance and good practice guides for capital planning. This included the [Prudential Code](#) and [capital strategy guidance](#) that was issued by CIPFA in 2021. We also included the Welsh Government's [guidance on Minimum Revenue Provisions](#) from 2018. Our criteria also drew on our knowledge of the sector and the sustainable development principle. We develop our knowledge of councils by completing both performance and financial audits.

Methods

- document reviews – we reviewed the capital plans and supporting documents of all principal councils. We also reviewed national reports and guidance issued by national bodies.
- local interviews – we met senior staff and councillors to discuss capital planning at six councils. In choosing these six councils, we looked at things like location, size, how rural they are, and the scale of their capital plans. The six councils were:
 - Isle of Anglesey County Council
 - Neath Port Talbot Council
 - Powys County Council
 - Rhondda Cynon Taf County Borough Council
 - Swansea Council
 - Torfaen County Borough Council
- national interviews – we interviewed people from a number of national organisations. This included:
 - officials from the Welsh Government;
 - officers of the Welsh Local Government Association (WLGA); and
 - members of the Society of Welsh Treasurers.
- data analysis – we analysed data published by the Welsh Government and published by StatsWales. This included revenue and capital spending data, which the Welsh Government collect from councils each year, as well as financial data provided by councils. We added to this with analysis of other financial information, such as the statement of accounts published by councils.
- cumulative audit knowledge and experience – we used our knowledge and experience of the sector acquired through our other work to help inform this work.

2 Capital spending explained

What is capital spending?

Capital spending is money spent by an organisation to acquire, create, upgrade, or maintain assets that they own or have the right to control. For councils, the [Local Government Act 2003](#) defines it as spending 'capitalised in accordance with proper practices'. This means spending recognised as being capital spending under the Code of Practice on Local Authority Accounting, issued by CIPFA. Councils and others commonly refer to this as the CIPFA Code. The Code regulates how local government bodies should account for all spending, income, assets, and liabilities.

Councils may use capital funding for revenue purposes only when they are allowed to by the Welsh Government. This is known as a capitalisation directive and is issued by the Welsh Government under the 2003 Act. This allows councils not to account for their spending in a specific scenario in line with the CIPFA Code.

Is maintenance capital spending?

It can be difficult to decide whether maintenance is capital or revenue spending. The Code is clear that the day-to-day costs of servicing an asset are not capital spending. This could be the cost of labour to run a building or small replacement parts. This is because these costs do not add to the benefit or service an asset could provide in the future.

If maintenance spending enhances an asset, then it can be classed as capital spending. This could be through extending the useful life of an asset. It could also be through increasing the level of performance an asset could provide. This needs to be assessed by the council on a case-by-case basis. CIPFA has provided illustrative examples to help councils in their decisions (**Exhibit 8**).

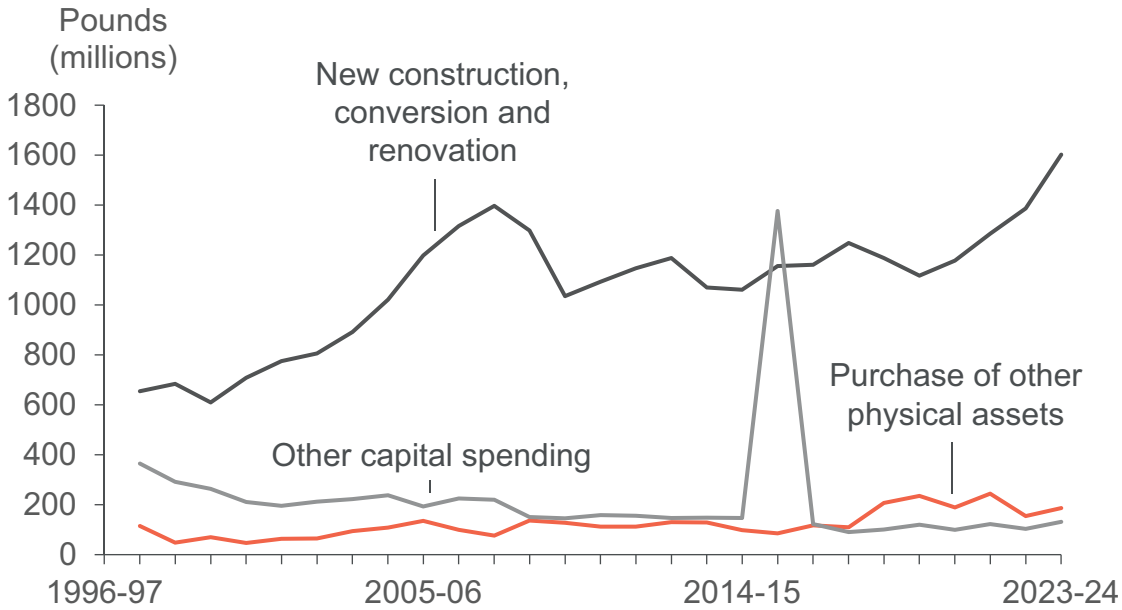
Exhibit 8: examples of maintenance spending that could be revenue or capital

Example	Capital or revenue?	Explanation
Painting	Revenue	It is expected that a building would have effective paint coverage over its useful life. Painting would not increase this life or provide more performance.
Replacing windows (like for like)	Revenue	If the same type of windows are replaced, eg double glazed by double glazed, then it has not enhanced the asset.
Replacing windows (not like for like)	Capital	Upgrading windows, such as from single to double glazing, would enhance the asset.
Building refurbishment	Capital	If refurbishing a building results in its useful life being extended or its performance potential being increased, this would enhance the asset.

Source: CIPFA, [Practitioners' Guide to Capital Finance](#), March 2019

Councils spend most of their capital funding on building or renovating new assets. Since 1997-98, the real terms amount spent on new construction, conversion or renovation of buildings has grown significantly faster than other forms of capital spending (**Exhibit 9**). 83% of capital spending in 2023-24 was spent on new construction, conversion or renovation, compared to 58% in 1997-98.

Exhibit 9: capital spending by spending type in real terms, 1997-98 to 2023-24



Source: Audit Wales analysis of [Welsh Government data](#)

Notes: The 2015-16 data is inflated due to the process where 11 councils that owned council houses paid the UK Government to leave the housing subsidy system. The UK Government had used the subsidy system to ensure that rents covered costs with no deficit or surplus made. The 11 councils borrowed money to pay a lump sum to cover the loss of future surpluses to the UK Government. At June 2025 prices, this has a real terms value of £1.2 billion.

Audit Wales has adjusted spending data to account for the impact of inflation. Figures are given in June 2025 prices using data [provided by His Majesty's Treasury](#).

Other capital spending includes the awarding of capital grants, credit arrangements, and the purchase of intangible assets.

What are the sources of capital spending?

Capital spending, like revenue spending, can have multiple sources of funding. The sources could wholly fund or be combined to fund a project. The primary sources of funding are:

- grants and third-party contributions – these are funds provided by another body to the council to fund a capital project. There are two main types – unrestricted and restricted. Unrestricted grants can be used for any capital project. This would include funding provided by the Welsh Government each year. Restricted grants must be used for a specific purpose that the funder sets. For example, lottery funding, or sustainable communities for learning grants.
- revenue contributions – these are funds from the revenue budget for capital spending. This may be to fund a specific project in-year, or the use of a reserve earmarked for a longer-term purpose, such as infrastructure investment.
- capital receipts – this is funding from the proceeds of the disposal of assets. Receipts can only be used for capital spending, except where the Welsh Government allows them to be used in revenue spending through a capitalisation directive.¹⁴
- capital reserves – this is funding from the use of a reserve allowed only for capital spending. These are generally built up from revenue contributions over time. For example, where a council contributes funding over time for the replacement of a vehicle that a council expects to be usable for a specific number of years.
- borrowing – funding from the council taking out debt over a set time period. This can be from market sources, like a bank, but is typically from HM Treasury through the Public Works Loan Board (PWLB).

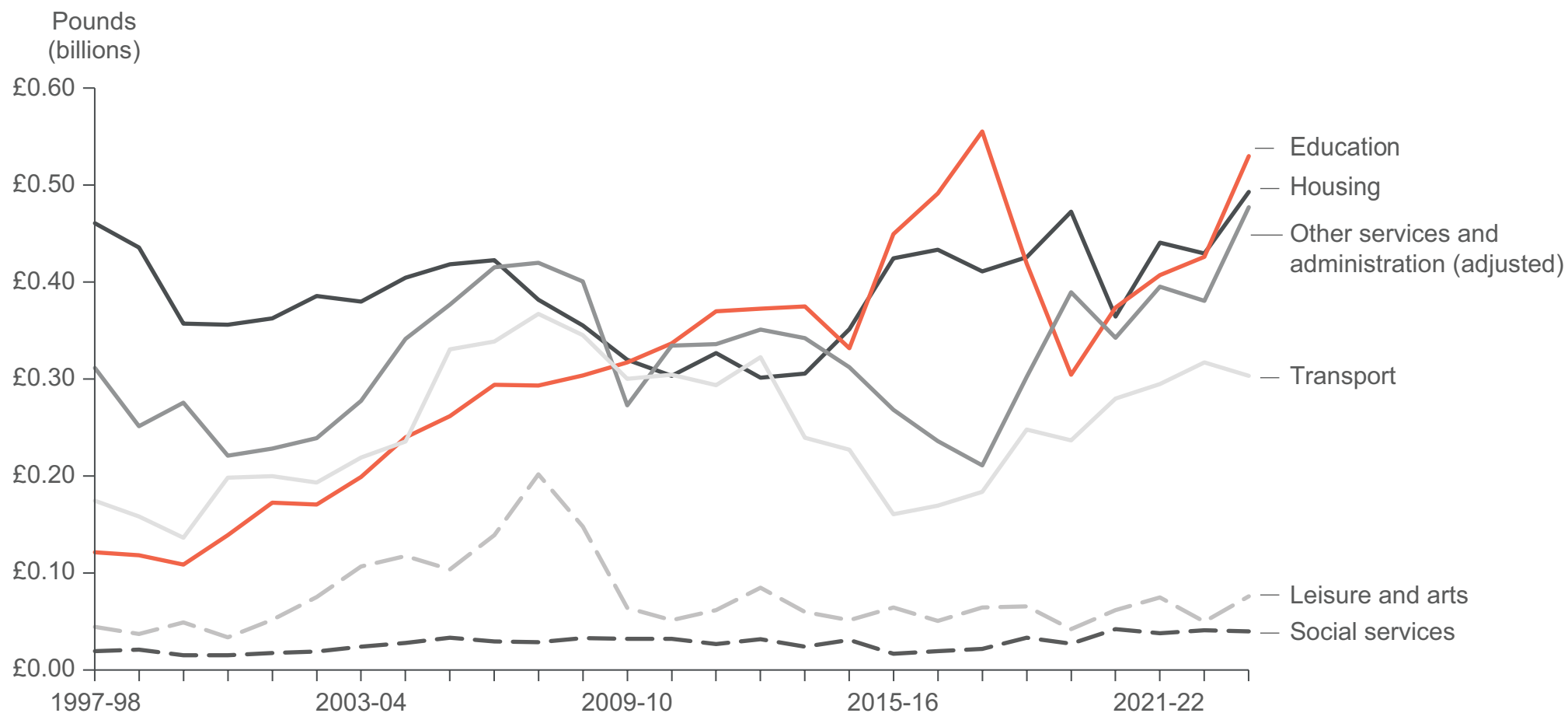
The real terms changes in the value of funding sources are set out in **Exhibit 7**.

¹⁴ The Welsh Government has issued [guidance](#) under the section 15(1)(a) of the Local Government Act 2003 for the flexible use of capital receipts. It allows receipts to be spent 'on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years'.

How does capital spending vary by service?

Some services offered by councils spend significantly more capital funding than others. This relates to the nature of the service that they offer. Since 1997-98, housing and education have been the two largest spending service areas for capital spending. This relates to the investment in homes and schools that are fundamentally linked to the services they provide. They have different trends over time, however. As **Exhibit 10** shows, education spending has significantly increased in real terms since 1997-98. This is mainly due to the two school investment programmes from the Welsh Government – 21st Century Schools and Sustainable Communities for Learning. Over the same period, spending on housing fell in real terms until 2013-14, before increasing to similar levels as 1997-98. Other services, such as social services, have been more consistent in their spending.

Exhibit 10: capital spending in real terms by service area, 1997-98 to 2023-24



Source: Audit Wales analysis of [Welsh Government data](#)

Notes: The 2015-16 data for other services has been adjusted to remove the impact of the housing subsidy buyout affecting some councils. This was a process where 11 councils that owned council houses paid the UK Government to leave the housing subsidy system. The UK Government had used the subsidy system to ensure that rents covered costs with no deficit or surplus made. The 11 councils borrowed money to pay a lump sum to cover the loss of future surpluses to the UK Government. At June 2025 prices, this had a real terms value of £1.2 billion. It has been removed from this chart to enable the general trend of services to be more clearly seen.

Audit Wales has adjusted spending data to account for the impact of inflation. Figures are given in June 2025 prices using data [provided by His Majesty's Treasury](#).

Other services and administration include service areas like environmental services, planning and development, and protective services. They also include general administration capital costs.

What are the rules for borrowing by councils?

The Local Government Act 2003 sets the legal rules that restrict and regulate how councils can borrow money. Councils may only borrow for capital spending and where they do not breach their prudential limits. They must set their limits and then keep them under review. To do this, CIPFA produces the Prudential Code that helps councils to set their limits and follow the law. These rules came into place in 2004-05 and replaced government set limits on borrowing.

The Prudential Code sets out how it should be used to support councils in their capital planning. It states that it should also support asset management planning and options appraisals. It includes the key matters a council should have regard for when setting or revising its borrowing indicators. These are:

- service objectives;
- asset management;
- VFM;
- prudence and sustainability;
- affordability; and
- practicality and achievability.

The Prudential Code also sets clear requirements on councils to ensure that their borrowing plans are prudent and consider the impact of repayment. This must be done over a rolling three-year period but have a longer-time period in mind.

The borrowing indicators required by councils are:

- estimated capital spending for the current financial year;
- estimates of future capital spending over three years;
- actual capital spending for the financial year at the year-end;
- the authorised limit – the maximum amount of borrowing the council assesses it can afford to borrow;
- the operational boundary – the maximum level of borrowing estimated that the council will need over three years;
- actual external debt;
- gross debt and the capital financing requirement – comparing borrowing taken against need to ensure debt does not exceed need;
- estimated financing costs to the revenue budget;
- actual financing costs to the revenue budget at the year-end;
- estimated net income from commercial and service investments; and
- actual estimates of net income from commercial and service investments.

Councils account for the impacts of borrowing in their accounts through their Minimum Revenue Provision (MRP). The MRP is an accounting transaction that councils make to charge their revenue budget for the cost of borrowing money. The Welsh Government sets the methods that councils can use to calculate their MRP in guidance issued under the 2003 Act. The main aim of MRP is to spread the accounting cost of the borrowing across the useful life of the asset it relates to.

Borrowing also impacts on how councils manage their cash and investments – known as treasury management. Councils often combine their capital and treasury management strategies due to the close relationship between borrowing, investing, and using cash. This adds complexity to borrowing, as councils need to time their borrowing correctly, to ensure they have enough cash available but minimise costs and maximise their returns.

3 Key terms in this report

Term	Description
Capital spending	The spending by councils on purchasing, building, or developing assets to deliver services. It does not include the ongoing costs of running the assets.
Capital accounting	The way that councils record how they have spent their funds and ensure they have the fair value of the assets that they control.
Collaboration	Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
Five ways of working	The five things the Welsh Government set out that public bodies need to think about to show that they have applied the sustainable development principle within the Well-being of Future Generations (Wales) Act 2015.
Integration	Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
Local Government Borrowing Initiative (LGBI)	A Welsh Government scheme to fund the ongoing costs of councils borrowing for a capital project. In 2025, LGBI was limited to highways projects.
Restricted grants	These are grants that must be used for the purpose set out in an offer letter by the Welsh Government. Councils typically must meet conditions to receive this funding. They are also referred to as hypothecated grants.
Sustainable development principle	The sustainable development principle is defined as acting in a manner 'which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.
Treasury management	The way that an organisation manages its cash and investments to respond to risks and fund their own commitments and plans.
Unrestricted grants	These are grants that councils have greater flexibility to use how they want to, whilst still being restricted to either revenue or capital spending. They are also referred to as unhypothecated grants.

4 Capital planning checklist

We have produced this checklist as a tool that councils may find helpful to assess their capital planning arrangements and identify any areas for improvement. This is informed by our findings, practice guidance, and our sector knowledge.

Exhibit 11: capital planning self-assessment checklist

Theme	Paragraph reference	Questions to consider	Council self-assessment
Strategic context	58 to 60	<p>Does the capital plan set out the strategic context for capital planning?</p> <p>For example:</p> <ul style="list-style-type: none"> • known challenges facing the council; • gaps in the council's knowledge and the actions needed to close them; and • local, regional, and national policies that impact on capital plans. 	
Aims and Objectives	38 to 45	<p>Does the capital plan cover both the short and longer term?</p> <p>Does the capital plan include clear aims and objectives. For example:</p> <ul style="list-style-type: none"> • a long-term ambition for the purpose of capital investment in the council area; • a set of clear objectives that support the achievement of the council's ambition; and • details of how it will support the council's wider objectives. 	

Theme	Paragraph reference	Questions to consider	Council self-assessment
Focusing on outcomes	46 to 48	<p>Has the council set out:</p> <ul style="list-style-type: none"> • what success looks like for the plan overall; • what success looks like for individual projects; and • how it will measure and monitor this. 	
Knowing the condition of assets	52 to 57	<p>Is the council's capital plan informed by a recent, accurate and comprehensive knowledge of the condition of assets?</p> <p>Does the council's capital plan include a maintenance plan based on realistic costs?</p> <p>Has the council assessed which assets it needs to successfully deliver its well-being objectives, and how much they will cost?</p> <p>Has the council considered a range of options in response to condition surveys – for example co-location or service re-design.</p>	
Working with others	61 to 67, and 76	<p>Has the council worked with partners to:</p> <ul style="list-style-type: none"> • identify opportunities to jointly plan and deliver capital projects; • ensure that capital plans are aligned, including identifying mutual priorities that capital plans can help deliver; and • explore the pooling of knowledge, skills and resources to improve capital planning. 	

Theme	Paragraph reference	Questions to consider	Council self-assessment
Planning for risk and assessing impact	68 to 71	<p>Does the Council:</p> <ul style="list-style-type: none"> • complete impact assessments for all projects; • assess the impact of capital plans overall; • identify the intended socio-economic outcomes for residents in capital plans; • ensure that capital risks are assessed and recorded; and • set out how capital risks will be mitigated in capital plans. 	
Understanding resource requirements	42, 54 to 56, 70, and 72 to 76	<p>Does the council:</p> <ul style="list-style-type: none"> • set out realistic costs for the new assets and maintenance it needs to deliver its objectives; • set out the prudent and affordable level of funding available (both internal and external) over the medium term; • calculate and communicate a capital funding gap based on identified needs and funding available; • set out how the gap will be managed and mitigated against; and • include consideration of non-financial resources in plans, such as capacity and contractor supply. 	

Theme	Paragraph reference	Questions to consider	Council self-assessment
Monitoring progress and impact	87 to 89	<p>Does the council:</p> <ul style="list-style-type: none"> • regularly report publicly on progress in delivering its capital plan; • regularly report on the impacts and outcomes achieved from capital projects; and • include key financial information, such as comparing actual project costs to planned costs. 	
Supporting oversight and scrutiny	90 to 92	<p>Does the council ensure that councillors have access to training and development to enable them to:</p> <ul style="list-style-type: none"> • take well informed decisions on capital plans and projects; and • effectively scrutinise the progress and VFM of capital plans and projects. 	

Source: Audit Wales

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Management response form

Audit Wales use only	
Audited body	
Audit name	Capital planning
Issue date	29 th January 2026

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	Councils should review their capital planning arrangements taking account of the issues we have identified in our report, to identify and implement opportunities for improvement. We have developed a checklist (Appendix 4) that councils may find helpful to support this.	<p>Cyngor Gwynedd's Finance Department has no objection to taking the lead on the review of capital planning arrangements within the authority. We are confident that there are robust arrangements within the Council to assess our capital needs and to monitor these plans.</p> <p>However, we welcome this opportunity to compare our procedures with the practices recommended in the report, but we ask</p>	31 December 2026	Head of Finance	

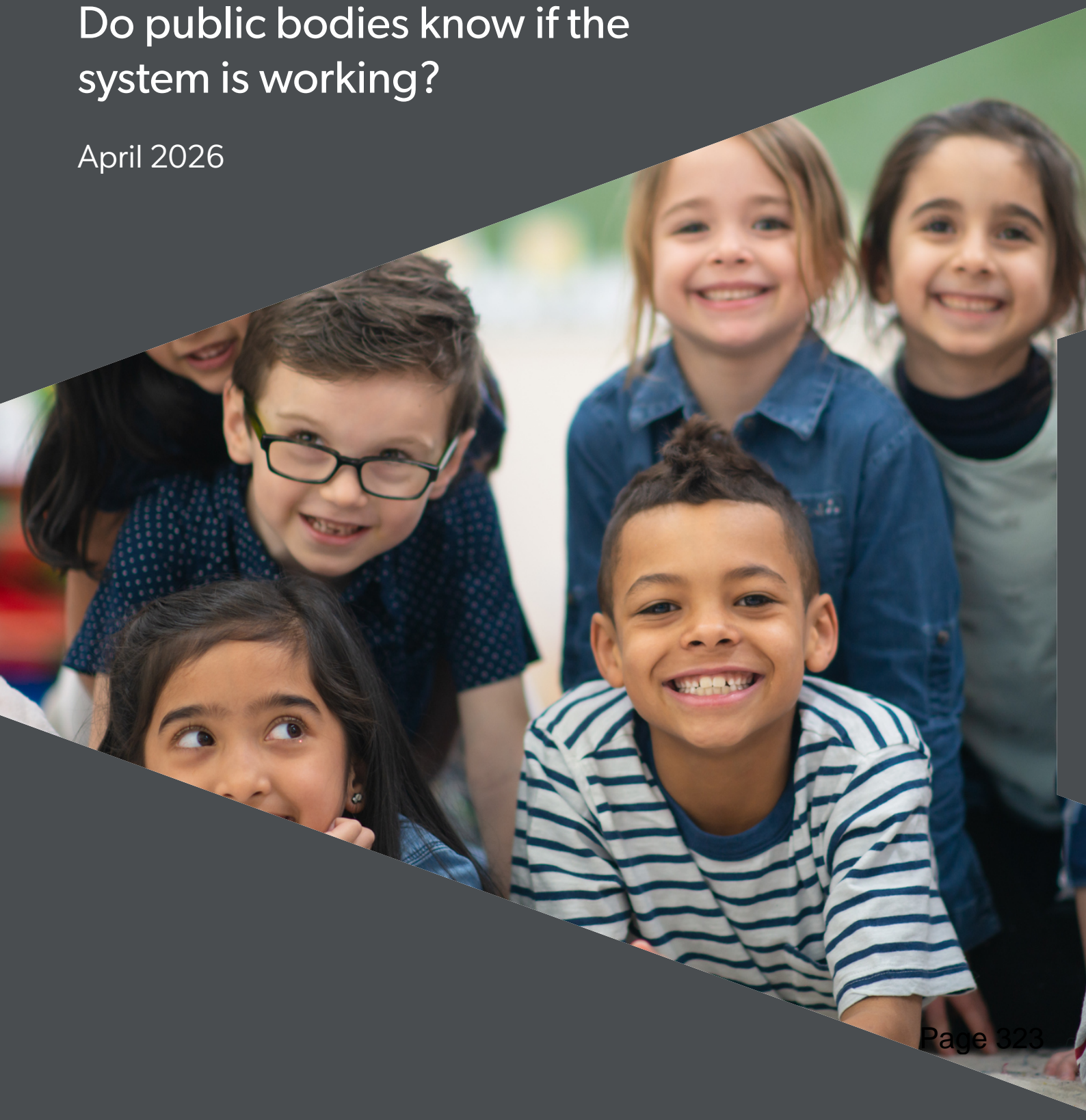
Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	<p>As part of this, we recommend that councils should focus in particular on:</p> <ul style="list-style-type: none"> ensuring that capital plans and financial statements are informed by a recent, accurate and comprehensive knowledge of the condition of their assets (paragraphs 52 to 57); routinely evaluating their capital projects to assess if they have achieved their intended outcomes (paragraphs 87 to 89); ensuring that appropriate training is provided to councillors to enable them to take well-informed decisions on, and provide effective oversight 	<p>Audit Wales to be sympathetic and realistic with what can be achieved with limited resources.</p> <p>If a meaningful and comprehensive review is to be undertaken, we ask for a timetable for delivery up to 31 December 2026 given all the other pressures on the relevant services.</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	and scrutiny of, capital plans and projects (paragraphs 89 to 91).				

Additional Learning Needs

Do public bodies know if the system is working?

April 2026



We have prepared this report under section 145A(1) of the Government of Wales Act 1998 and section 41(3) of the Public Audit (Wales) Act 2004, and present it to the Senedd under section 145A(6) of the 1998 Act.

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Foreword

Children and young people with Additional Learning Needs (ALN) include some of the most vulnerable people in society. The system that supports them is vital in helping them fulfil their potential. That system involves different tiers of government and various front-line services.

This report does not get into the detail of that front-line support, although it draws on wider research and external review. Our focus has been on whether public bodies know enough about learners with ALN, including current and future demand. Also, if there is a clear picture of the workforce that supports learners with ALN, relevant spending, the way the system is working generally, and outcomes for learners.

The story that has emerged is one of uncertainty because of gaps in key data. Without a better understanding of these issues, it is difficult to say whether the system is working as well as it could for the learners it supports.

This is even more important because we know that the spending involved in supporting learners with ALN has been increasing, putting pressure on wider budgets. While we cannot put a firm figure on it, the sums that we can more easily identify suggest current annual spending approaching £1 billion. The true figure will be higher.

This picture is not unique to Wales – our audit colleagues in other parts of the UK have highlighted similar issues in recent years. I also recognise that the Welsh Government is working with others on various fronts to improve the system and the data that supports it. My recommendations focus on the Welsh Government's leadership role, but it is just one part of a bigger machine and cannot change everything itself.

There has been a significant amount of work involved in efforts to reform the system for the better over recent years. However, the system remains under strain and there is still a lot more that can be done to ensure it does as well as it can for our children and young people, both now and for future generations.



Adrian Crompton
Auditor General for Wales

Audit snapshot

What we looked at

- 1 This report is about the system that supports people with Additional Learning Needs (ALN) in Wales.
- 2 The Additional Learning Needs and Education Tribunal (Wales) Act 2018 (the Act) introduced a new system to help learners with ALN. The aim was to create a more integrated, collaborative, and person-centred system.
- 3 We looked at whether public bodies understand ALN demand, workforce capacity and skills, costs, and outcomes. We focused mainly on the Welsh Government and councils, and their remit in relation to ALN within schools.

Why this is important

- 4 Children and young people with ALN can have a broad range of differing needs. Whatever their needs, the ALN system should help overcome barriers so that learners can reach their full potential.
- 5 Before the new system, there was no statutory protection around the support for learners not yet in education. The Act extended provision to learners aged 0-25. And it replaced two separate systems, one helping learners up to age 16 with Special Educational Needs (SEN) and another for post-16 learners with learning difficulties or disabilities. The old and new systems ran in parallel through a phased transition between September 2021 and August 2025.
- 6 A key change has been the new statutory Individual Development Plan (IDP). The IDP replaced non-statutory SEN support – school action, school action plus – and statutory statements of SEN. Previously, statements were reserved for a relatively small group with the highest needs. But the new system gives every learner with ALN an IDP.
- 7 When introducing the Act, the Welsh Government said the previous system was ‘complex, bewildering and adversarial’. However, several reviews have found that challenges remain within the new system. We refer to evidence from various other sources in this report.

What we have found

- 8 We found that the system is under strain and facing challenges that threaten its sustainability. Public bodies do not have a complete picture of demand, costs, and outcomes so they do not have enough information for effective planning and budgeting, and with which to assess value for money. Ultimately, we have concerns about the current performance of the system in supporting learners to meet their full potential.
- 9 We came to this view because:
 - the system does not have good enough data to understand the extent of growing demand and complexity;
 - patchy workforce data limits the system's understanding of a range of capacity and skills challenges;
 - public bodies do not have a good enough understanding of ALN costs, and we have concerns about the system's financial sustainability; and
 - the goals of the ALN system are clear but there is only a limited picture of whether it is delivering good outcomes for learners and the system remains adversarial despite evidence of some improvement.

What we recommend

- 10 Our recommendations focus on improving data about learners with ALN and the workforce, making the cost of support for learners more transparent, and collecting data on outcomes. Our aim is to support better long-term planning and to ensure that support for learners with ALN is having the desired impact.
- 11 Our recommendations focus on the Welsh Government and its role as an enabler of change at a national level. Nevertheless, a wide range of public bodies will need to be involved if our recommendations are to be implemented successfully. They do, therefore, have wider relevance. Proposals that the Welsh Government has consulted on recently will also impact other bodies.

Key facts and figures



48,257 learners

The number of learners aged 0-25 recorded as having ALN or SEN in 2024/25. Our report explains how this is an incomplete picture.



58% reduction

In the number of school learners recorded as having ALN or SEN between 2018/19 and 2024/25.



164% increase

In the number of school learners with ALN having statutory support through a statement of SEN or now an IDP between 2018/19 and 2024/25.



Approaching £1 billion a year

Approximate current annual cost of delivering and supporting ALN services based on figures identified in this report. But this is not the full picture, and the true cost will be higher.



34% increase

In councils' budgeted expenditure on ALN or SEN between 2018-19 and 2025-26 in real terms.

Note: Our [data tool](#) provides further information on certain ALN costs.

Our findings

Understanding demand

The full number of learners with ALN is currently unknown, although work is ongoing to fill some data gaps

- 12 The Welsh Government does not collect comprehensive data on the number of learners with ALN. Reasonable data exists for learners in maintained mainstream schools, special schools, independent schools, and those in Education Other Than At School (EOTAS). But there are other gaps in available or published data:
- **Learners below compulsory school age:** The Welsh Government recognises a gap in data for those outside maintained nursery school for whom there is no statutory data collection. However, some information is provided to Care Inspectorate Wales by childcare or play settings that shows 4,188 children with ALN known to councils in 2025. This data covers most, but not all, settings.¹
 - **Learners above compulsory school age:** Data for schools and EOTAS provides some coverage.² However, while data published for further education institutions captures information on learning difficulty or impairment status, based on learners' declarations, this data is not a direct proxy for the number of learners with ALN in those settings. There is other as yet unpublished data on learners with ALN in further education (see **paragraphs 29 to 32**).

1 Care Inspectorate Wales, [Childcare and Play Self Reporting Data Tool](#), 2025

2 Under both the old and new systems, the school and councils remain responsible for a young person with ALN or SEN who remains in school post-16 up to the age of 19.

- **Elective home-educated learners:** These learners, or their parents or carers, can ask their council to decide if they have ALN.³ The annual EOTAS census records data about the number of learners known to have chosen home education.⁴ However, it may not be complete as there is currently no legal requirement on parents to notify councils if a child is electively home educated. Councils collect some data locally about these learners, including about ALN, but it will not include all learners and is not compiled nationally.
- 13 Also, latest provisional figures show that 13.7% of people aged 16-24 were Not in Employment, Education or Training (NEET) in 2024.⁵ These young people are not, by definition, learners; but they may need Additional Learning Provision (ALP) if they were to return to education or training. There is no data about whether young people who are NEET have ALN, their needs, or what ALP would be required if they were to return to education or training.
- 14 The Welsh Government is in the first phase of establishing an ALN dataset. It has set out proposals to improve ALN data for maintained schools that would result in collection of more data around learners' needs and the ALP they require.⁶ However, the proposals do not fully address the data issues we highlight above. For example, they do not cover learners that are electively home educated or those in early years other than maintained nurseries. Nor do they cover young people who are NEET.
- 15 The available data for schools and EOTAS settings suggests that there were 48,257 learners recorded as having ALN or SEN in 2024/25 (see **Exhibit 1**). This represents 10% of learners in these settings.

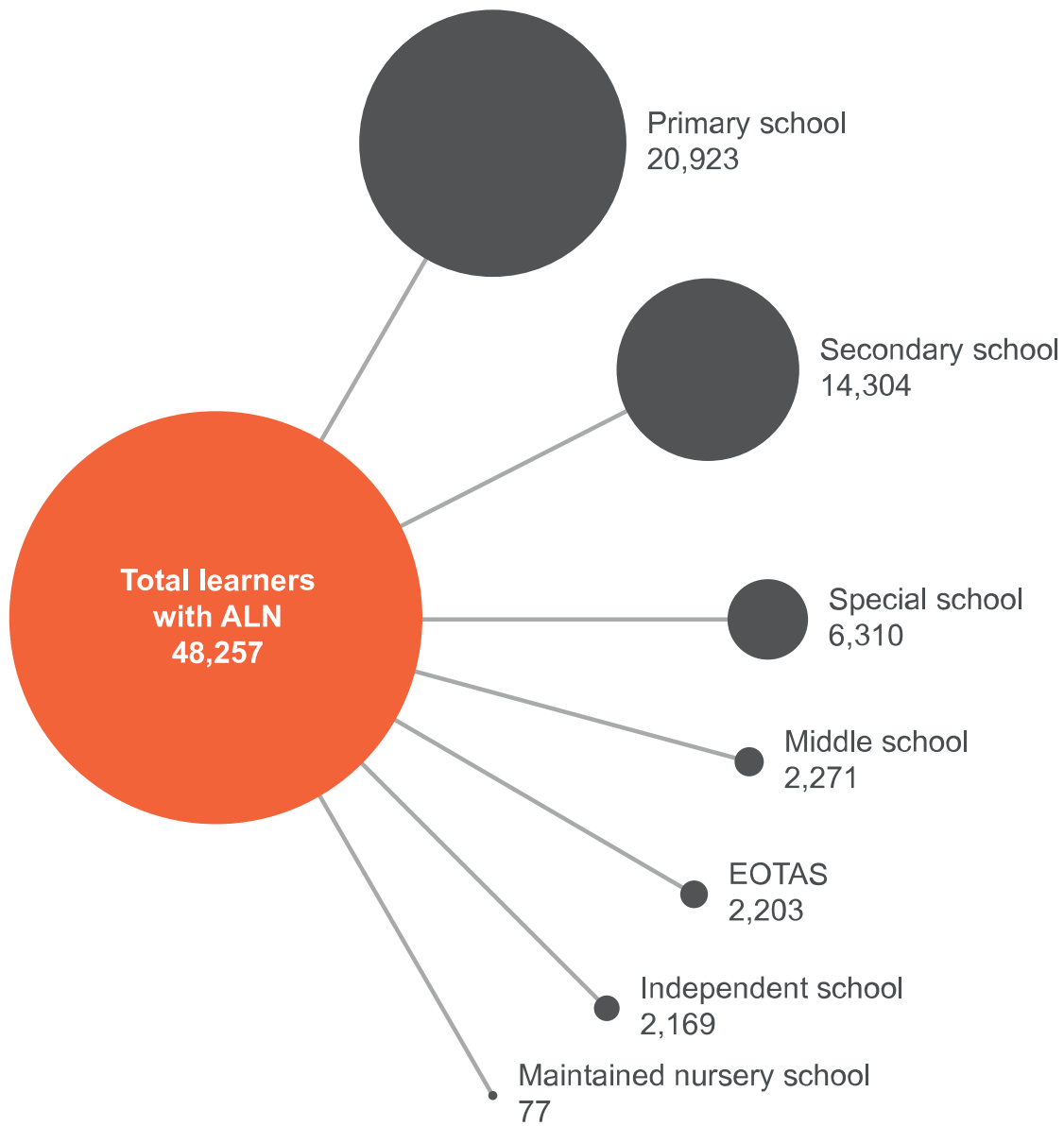
3 The ALN Code states that, if it is brought to their attention, councils must decide if a learner has ALN. If they decide that they do, the council must prepare and maintain an IDP and secure the provision described in that plan.

4 Welsh Government, [Pupils educated other than at school: September 2024 to August 2025](#), August 2025. In 2024/25, 7,176 children and young people were known to be electively home educated. These are counted separately from those in EOTAS.

5 Welsh Government, [Participation of young people in education and the labour market: 2023 and 2024 \(provisional\)](#), November 2025

6 Welsh Government, [Written Statement: First step to strengthen data collection to monitor the additional learning needs \(ALN\) system: Summary of consultation responses](#), February 2026. The Welsh Government has since introduced amended regulations to collect more data about EOTAS learners: Welsh Government, [SL\(6\)780 - The Education \(Information About Individual Pupils and Children in Alternative Provision\) \(Miscellaneous Amendments\) \(Wales\) Regulations 2026](#), February 2026.

Exhibit 1: number of learners with ALN or SEN in maintained schools, independent schools, and EOTAS, 2024/25



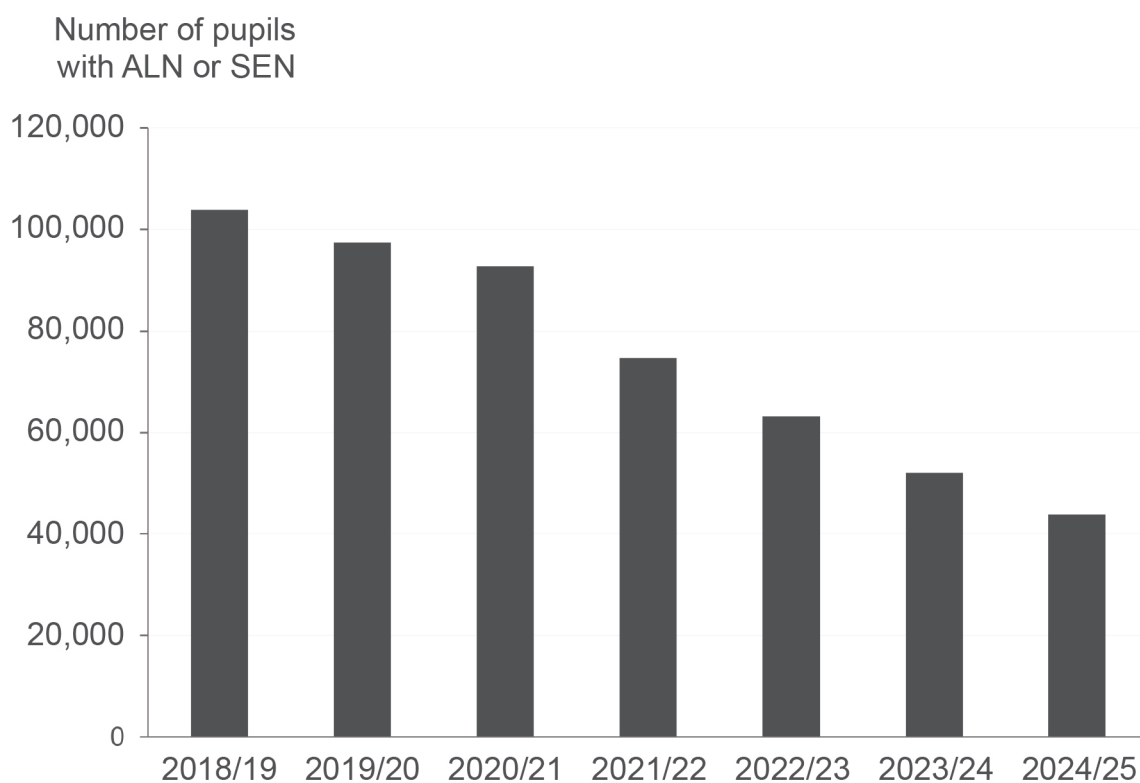
Source: Audit Wales analysis of Welsh Government, [Pupils in maintained schools with additional learning or special educational needs by sector and year](#), [Pupils in independent schools with additional learning or special educational needs by year](#), and [Pupils educated other than at school](#)

Note: EOTAS numbers do not include those who are electively home educated. Also, the EOTAS data is intended to pick up those not included in school data, but there is some possible duplication.

The number of learners with ALN or SEN in maintained schools has more than halved in recent years

16 **Exhibit 2** shows that the number of learners with ALN or SEN in maintained schools reduced by 58% between 2018/19 and 2024/25. Over the same period, the total number of learners in maintained schools decreased by just 1.5%.

Exhibit 2: number of learners with ALN or SEN in maintained schools, 2018/19 to 2024/25^{1,2}



Source: Welsh Government, [Pupils in maintained schools with additional learning or special educational needs by sector and year](#)

Notes:

¹ School figures include maintained school settings for learners up to age 16, or 18 for schools with a sixth form.

² Before 2021/22, the data covers the SEN system only. From 2021/22, the data covers both the ALN and SEN systems.

- 17 Within the overall reduction in the number of learners in maintained schools with ALN or SEN, the number in special schools increased by 27%, from 4,980 in 2018/19 to 6,310 in 2024/25. The numbers are relatively small, so we have chosen not to show them separately in **Exhibit 2**. However, special schools are important because they cater for a range of needs that are usually more complex and cannot be met in mainstream schools.
- 18 As well as special schools, there are various specialist settings within mainstream schools to provide support that cannot be provided in a mainstream classroom (see **Appendix 3**). These specialist areas, classes, or rooms cater for broad areas of needs, including sensory and/or physical needs and behaviour, emotional and social development needs.
- 19 There is no data nationally on how many learners attend these specialist settings or areas because of their ALN. There is also no data on how much time learners spend in specialist classes, the number of places available, or the cost nationally of these places.
- 20 The Welsh Government is proposing changes to collect more complete and consistent data on learners attending specialist classes (see **footnote 6**). This information should help schools and councils plan services. It should also provide information to help judge if the system is achieving the Welsh Government's goals for inclusive education.⁷

The reasons for the fall in the number of learners with ALN in maintained schools are disputed, but the Act means the number receiving statutory support has more than doubled

- 21 The Act introduced the IDP. The IDP replaced three graduated categories; namely, statutory statements as well as non-statutory categories of support, 'school action' and 'school action plus'. Learners with non-statutory support should have moved to a statutory IDP detailing their needs and action to support them by September 2025, if assessed as having ALN.
- 22 This change was hailed as a significant benefit for learners. From September 2025, all learners with ALN should have an annual review and a route of appeal whereas previously this only applied to learners with the most complex needs who had statements (see **paragraphs 27 and 133**).

⁷ Welsh Government, [Additional Learning Needs and Education Tribunal \(Wales\) Act: Explanatory Memorandum incorporating the regulatory impact assessment and explanatory notes](#), January 2018

- 23 The Welsh Government stated that learners who had any SEN under the old system should have an IDP as they moved to the new system.⁸ Therefore, the Welsh Government did not expect the fall in learners with ALN or SEN seen in **Exhibit 2**. The reasons for the fall have been disputed. Issues we describe later in this report may also be a factor (see **paragraphs 33 to 41**).
- 24 The Welsh Government initially suggested the decrease was due to schools reviewing their SEN registers ahead of ALN reform, to remove learners no longer considered to have SEN.⁹ The Welsh Government also suggested the new Curriculum for Wales's emphasis on inclusive education and high-quality teaching meant some learners formerly requiring ALP could have their needs met in mainstream classrooms.
- 25 A report from the Senedd's Children, Young People and Education Committee considered these points.¹⁰ The Committee concluded that the reduction in the number of learners with ALN or SEN in schools 'appears to be primarily because fewer children with low to moderate learning difficulties or disabilities are being classified as having SEN or ALN'.
- 26 The Committee pointed to the trend in the overall number of learners receiving school action or school action plus support, or with school-maintained IDPs under the new system.¹¹ The latest data to 2024/25 shows the biggest fall in numbers still under the SEN system has come from school action or school action plus. A school-maintained IDP does not mean a learner has a particular level of need.
- 27 Under the previous system, only learners who had a statement of SEN had a statutory right to support and a right to appeal against decisions. The Act extended these rights to all learners with ALN. As a result, there has been a sharp increase in the number of learners that have statutory support, either through a statement or an IDP.

8 Welsh Government, The additional learning needs transformation programme: frequently asked questions, October 2020

9 Welsh Government, [Letter from the Minister for Education and Welsh Language to the Chair of the Senedd's Children, Young People and Education Committee](#), September 2022

10 Senedd Cymru, Children, Young People and Education Committee, [Implementation of education reforms: Interim Report](#), July 2024

11 Welsh Government, [Pupils in maintained schools with additional learning or special educational needs by local authority, type of provision and year](#)

- 28 In 2024/25, 34,735 learners in schools had statutory support, compared to 13,160 in 2018/19. This was an increase of 164%. During 2024/25, schools should have made ALN decisions about the 9,125 learners receiving support through school action or school action plus, as well as any newly identified learners, to ensure that, by 1 September 2025, all learners with ALN have an IDP.

The number of learners in further education institutions with a self-identified learning difficulty or impairment has increased but this is not a direct proxy for ALN

- 29 By 1 September 2025, learners with ALN should start college with an IDP to aid their transition, except in specified circumstances, such as if they are waiting for an ALN decision or do not consent to an IDP being prepared.
- 30 Work by Estyn in 2024/25 found most colleges reported an increase in the number of learners starting college who required support but either had not been previously identified as having ALN or SEN or who had chosen not to have an IDP. Colleges told Estyn that learners who came to them from alternative provision or EOTAS tended not to have IDPs.¹²
- 31 Medr (the Commission for Tertiary Education and Research) is working to improve the quality of data collected on learners with ALN.¹³ Currently data is published about the number of learners under 25 with a self-identified learning difficulty or impairment. However, this is not a direct proxy for ALN. Other information on learners with ALN is being collected nationally, but numbers have not yet been published due to concerns about data quality.
- 32 The available published data shows a fall between 2018/19 and 2020/21, but the number has since increased.¹⁴ In 2024/25, there were around 12,760 learners under 25 in further education who said they had a learning difficulty or impairment. This was 19% higher than in 2018/19, when there were around 10,765 such learners. Over the same period, the total number of learners under 25 in further education increased by 4%.

12 Estyn, [Implementation of post-16 aspects of Additional Learning Needs](#), November 2025

13 [Medr](#) is the new Welsh Government arm's length body responsible for funding and regulating the tertiary education and research sector.

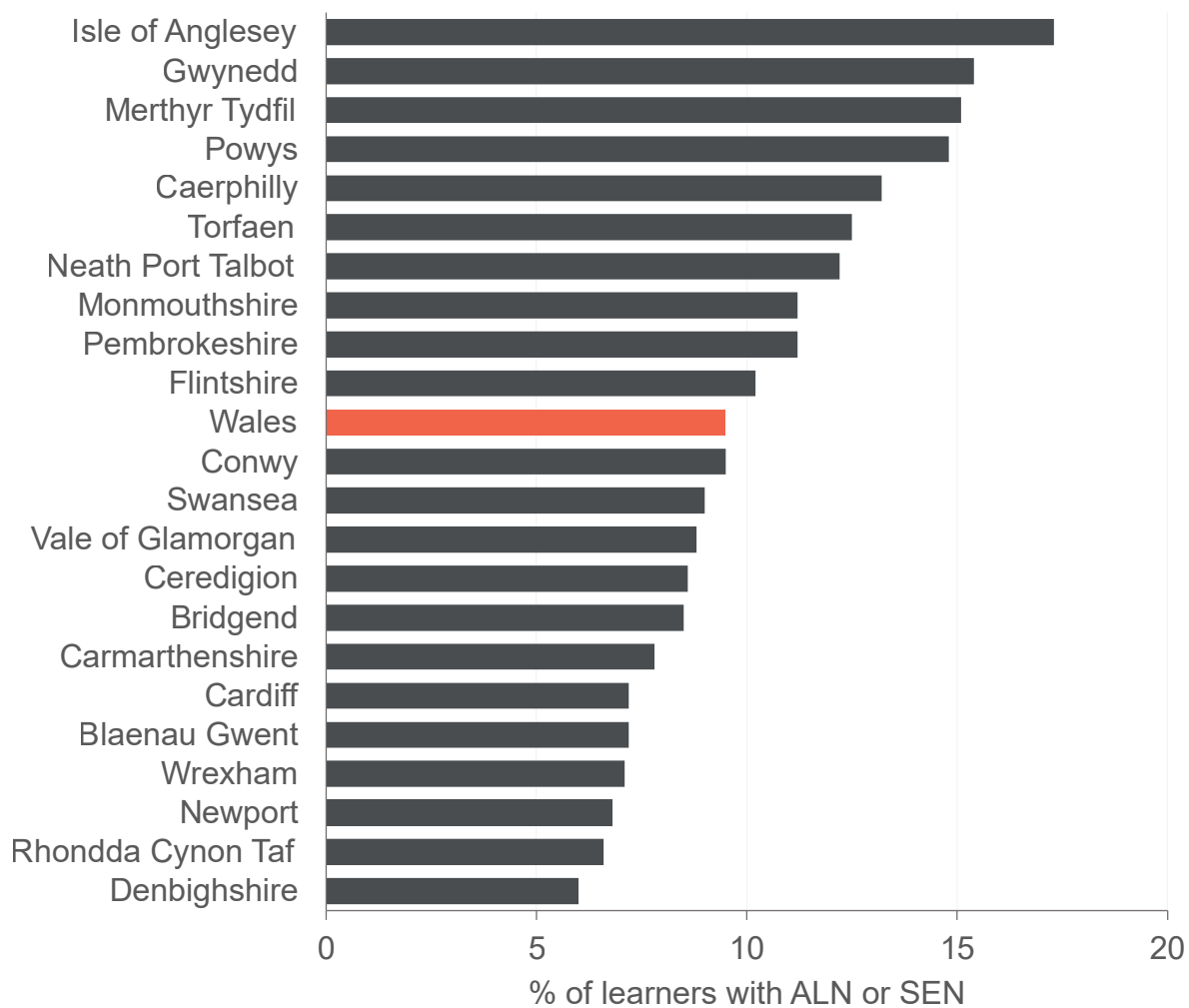
14 Welsh Government, [Learners in further education, apprenticeships and community learning by home region, provision type and demographic information](#)

Councils have different interpretations of the definition of ALN, which could be leading to inconsistent understanding of need

Councils have different thresholds for deciding if learners have ALN

33 The proportion of learners with ALN or SEN in maintained schools varies significantly between councils (see **Exhibit 3**). Isle of Anglesey had the highest proportion in 2024/25 (17.3%). The lowest in Wales was Denbighshire (6.0%) and the Wales average was 9.5%.

Exhibit 3: percentage of maintained school learners with ALN or SEN by council, 2024/25



Source: Welsh Government, [Pupils in maintained schools with additional learning or special educational needs by local authority, type of provision and year](#)

- 34 Differences in the proportion of learners with ALN between councils are, at least in part, due to how they interpret ALN and ALP. Deciding if a learner has ALN is inherently subjective.
- 35 Similarly, there is no definition of provision made generally available in school so there is no universal understanding of what is additional. Research by the University of Bristol, in partnership with the Welsh Government, has reported that ALP ‘varies massively from one school to the next’. Variations were more due to the space, staffing, and other resources available than learners’ needs.¹⁵
- 36 The Senedd’s Children, Young People and Education Committee recommended that the Welsh Government should review differences between schools in judging when support is ALP rather than routine classroom teaching and support (see **footnote 10**). In October 2024, the Welsh Government announced a review of the Act and the ALN Code which, among other issues, was to look at the clarity and consistency of the legislative framework.
- 37 In October 2025, the Cabinet Secretary for Education told the Senedd’s Children, Young People and Education Committee that practical guidance on identifying and evidencing ALN would be made available to councils, schools, and colleges by the end of March 2026. At the time of writing this report, the guidance was due to be published on 27 March 2026.¹⁶
- 38 Work to develop guidance about what constitutes ‘generally available provision’ is also underway as well as a review of the ALN Code. These will not be completed until later. The Welsh Government has established an ALN delivery and improvement board to provide stronger oversight of improvements from September 2025.

15 University of Bristol, [What should constitute ‘Generally Available’ Provision in schools in Wales?](#), January 2025. This research led to a further working paper to help understand what provision should be generally available: University of Bristol, [A Model for Inclusive Education in Wales](#), April 2025.

16 Senedd Cymru, Children, Young People and Education Committee, [Implementation of Education Reforms](#), February 2026

Contrary to the intentions of the Act, Estyn and others have found that some learners were receiving ALP but did not have an IDP

- 39 The IDP should describe all ALP. As under the old system, schools should operate a graduated response, so learners receive the lowest level of ALP to meet their needs.
- 40 Estyn's reviews of ALN implementation have found variable practices, with some schools operating an informal system where some learners received ALP but did not have an IDP.¹⁷ Research by the University of Bristol has found some schools were operating a graduated response, with IDPs reserved for learners with the most serious ALN (see **footnote 15**). Terms such as 'targeted provision' and 'specialist provision' had been used in these cases. The Act and the ALN Code do not define these terms.
- 41 The category of learners receiving ALP without an IDP is contrary to the Act's intentions and, if it continues, raises concerns about oversight and resource implications. Work the Welsh Government is doing around the clarity and consistency of the legislative framework could help address this issue.

Stakeholders told us that learners' needs are becoming more complex, but the wider evidence is not definitive

- 42 During our fieldwork, many people told us that the system was facing more learners with increasingly complex ALN. This may seem at odds with the fact that the overall number of learners with ALN or SEN in maintained schools has fallen sharply (see **Exhibit 2**).
- 43 We heard that one impact of the COVID-19 pandemic has been that more young learners have speech and language delay. The number of learners in maintained schools with speech and language difficulties has fallen since 2018/19 as part of the overall fall in learners with ALN or SEN. However, those with speech and language problems made up 36% of learners with ALN or SEN in 2024/25 compared to 24% in 2018/19.¹⁸

17 Estyn, [The new additional learning needs system: Progress of schools and local authorities in supporting pupils with additional learning needs](#), September 2023. Estyn, [The additional learning needs system - Progress of schools, settings and local authorities in supporting pupils with additional learning needs](#), December 2024.

18 Welsh Government, [Reports of additional learning or special educational needs in maintained schools by type of need, type of provision and year](#)

- 44 Many people we spoke to also commented that more learners face mental health issues. The available data does not enable us to judge if this is increasing demand for ALP. This is partly because there is no single category to capture ALN attributable to mental health issues. The data shows a large fall in the number of learners with ‘behavioural, emotional, and social difficulties’, down from 24,995 in 2018/19 to 14,845 in 2024/25. The number of learners with ‘physical and medical difficulties’, which could include mental illness, fell from 7,290 in 2018/19 to 3,780 in 2024/25.
- 45 The wider evidence of growing complexity is not definitive. However, special schools take learners with the most complex needs and numbers have been increasing (see **paragraph 17**). The Senedd’s Children, Young People and Education Committee found that many special schools are over-subscribed, and some councils are building more capacity (see **footnote 10**).
- 46 Also, the number of learners in school with Autism Spectrum Disorder (ASD) in 2024/25 reached nearly 11,000. This is 30% higher than in 2018/19 and represents a quarter of learners with ALN or SEN. **Appendix 2** provides more detail on the number of learners with different needs.

There is no national data on waiting times for ALN decisions, and support while waiting varies

- 47 Some ALN decisions are simple while others are complex, involving multiple organisations. The ALN Code sets various statutory timescales. For example, there is a timescale for preparing an IDP and a requirement for annual review.¹⁹
- 48 Some councils we spoke to during our fieldwork had information on whether they, or their schools, are meeting statutory timescales. This data is not collected nationally so it is not possible to get a full picture of performance currently. The Welsh Government consulted on whether to collect data on the timeliness of ALN decisions and reviews. It is now introducing changes that will help monitor compliance (see **footnote 6**).

19 For schools and councils, the timescales for preparing an IDP from it being brought to their attention that a learner may have ALN are 35 school days and 12 weeks respectively. For further education institutions, the timescale is 35 term days from the date the learner consented to a decision being made about their potential ALN.

- 49 The ALN Code is clear that support can be provided before an ALN decision but we heard this does not always happen. Councils we spoke to had different approaches; some required an ALN decision before providing support while others did not. Bodies representing learners with ALN told us that, in practice, having an ALN decision is often required before a learner can receive appropriate support. A recent survey also suggested parents and carers hold similar views.²⁰
- 50 The Children’s Commissioner for Wales has raised concerns arising from their casework about a lack of support for some learners while they wait for an ALN decision. This is a particular concern if learners are waiting for health service input as waiting times for assessment or treatment can be long.
- 51 For around two-thirds of cases, schools need input from elsewhere to decide whether a learner has ALN.²¹ During our fieldwork, people from a range of different organisations raised concerns about waiting times where wider input is involved. This can include, for example, speech and communication assessments, as well as education psychologist appointments.
- 52 A 2024 joint review by inspectors highlighted that, while waiting times have improved for Child and Adolescent Mental Health Service (CAMHS) assessments, children and young people can wait a long time for treatment or follow-up. Many practitioners felt that the threshold for accessing CAMHS had increased since the start of the COVID-19 pandemic.²²

20 Welsh Government, [Evaluation of the Additional Learning Needs system: survey of parents and carers](#), October 2025

21 Welsh Government, [Pupils with additional learning of special educational needs by sector, provision and level of support provided](#)

22 Healthcare Inspectorate Wales, Estyn, and Care Inspectorate Wales, [How are healthcare, education, and children’s services supporting the mental health needs of children and young people in Wales?](#), November 2024. For waiting times data, see for example Welsh Government, [Mental Health Measure Part 1: Local Primary Mental Health Support Services](#).

- 53 Senedd Research highlighted there has also been a particular issue with waiting times for NHS assessments for ASD or Attention Deficit Hyperactivity Disorder (ADHD).²³ That research did not refer to ALN decisions or waiting times for ALN identification. However, it did highlight that the ALN reforms were supposed to mean support would be needs led, rather than diagnosis led, but that this was not always happening in practice.
- 54 Long waiting times may encourage parents and carers to seek private diagnoses and assessments. Councils and schools vary in their approach to accepting private reports, with some expressing concerns about inequality in access. NHS Wales has provided guidance on accepting private diagnoses, for example for autism.²⁴ There is no similar guidance for education services.

23 Senedd Research found that 16,812 children and young people were waiting for an ASD/ADHD assessment in December 2023, an increase of 87% on February 2022. This was based on data from published Welsh Government responses to Freedom of Information requests. Senedd Research, [The growing demand for ADHD and autism assessments in Wales](#), November 2024.

24 Welsh Government, [Code of practice on the delivery of autism services 2021](#), November 2021

Understanding workforce capacity and skills

Data on the ALN workforce is patchy

- 55 To some extent, all teachers in schools and further education teach learners with ALN. It is difficult to estimate what proportion of their time is spent on learners with ALN. The same is true for teaching assistants who can provide structured interventions for learners with ALN. For our audit, we considered the ALN workforce to include staff who spend most of their time working with and supporting learners with ALN, including ALNCos.
- 56 Data is available on the workforce in care and play settings, schools, and further education. This includes some information on ALN staff but there are areas of the ALN workforce about which we have no information at a national level.
- 57 Care Inspectorate Wales has some information about childcare and play settings (see **footnote 1**). But this is based on voluntary returns and may not represent the whole sector.
- 58 There is also no national data on the number of ALN staff employed directly by councils. Such staff include specialist teachers, educational psychologists, and statutory posts such as Early Years ALN Lead Officers (EYALNLOs).
- 59 The best workforce data we have is the school workforce annual census which describes the number of school staff employed mainly or solely to support learners with physical, social, or emotional needs. There were 2,810 full-time equivalent ALN support staff employed as teaching assistants or similar in Wales in 2024/25.²⁵
- 60 The school workforce annual census does not distinguish teachers who mainly or only teach learners with ALN. However, in 2024/25, 1,905 full or part-time teachers (6.6%) received an ALN allowance averaging £3,038.²⁶

25 Welsh Government, [Support staff by measure \(full-person equivalent \(FPE\) and full-time equivalent \(FTE\)\) and staff category](#)

26 Welsh Government, [Number of teachers that have received an allowance by local authority and allowance type](#); and [Average \(mean and median\) allowance amount received by local authority and allowance type](#). ALN allowances vary and are paid at governors' discretion to those on the main teachers' pay scale in specified circumstances, including posts requiring an ALN qualification or teaching in certain settings.

There are challenges recruiting and retaining support staff

- 61 During our fieldwork, many people told us about difficulties recruiting and retaining teaching assistants. The number of teaching assistants employed has fallen in recent years and ALN support staff can face job insecurity if their post is tied to a specified learner.
- 62 Councils set terms and conditions for support staff, and these vary across Wales. Concerns such as low pay for education-based support staff apply more broadly. We heard that some teaching assistants leave for jobs that seem less stressful but pay the same or better. Staff turnover potentially has a greater impact on learners with ALN who have specific support needs and build close relationships with their support staff. Medr has noted that there are also concerns about staff supply in further education, notably around independent living support.

There is uncertainty about the availability of specialist teachers of deaf, visually impaired, or multi-sensory impaired learners

- 63 Most deaf, visually impaired, or multi-sensory impaired learners attend mainstream schools. There is no routinely collected national data to show how many teachers of these learners are employed by schools and councils.
- 64 Research in 2024/25 found there were 62.1 full-time equivalent teachers of deaf learners in Wales and 26.7 full-time equivalent specialist support staff. Most teachers worked peripatetically or in one of the 19 designated units for deaf learners. The caseload of services for deaf learners varies considerably.²⁷

27 Consortium for Research in Deaf Education, 2025 report for Wales – Education provision for deaf children in Wales in 2024/25, December 2025

- 65 A report drawing on Freedom of Information requests to each council found there were 36.5 full-time equivalent qualified teachers of visually impaired and multi-sensory impaired learners across the 22 councils. Most held a specialist qualification or were in training. There were also 38.2 full-time equivalent teaching assistants or specialist support staff. Again, average caseload per teacher varied.²⁸
- 66 During our fieldwork, several people expressed concerns about training for specialist teachers of deaf, visually impaired and multi-sensory impaired learners. Unlike in England, these teachers in Wales do not need a specialist qualification in addition to their qualified teacher status. Also, there are no specialist teacher training courses in Wales. The two reports described above found low vacancy numbers, but we heard concerns about the ability to replace staff approaching retirement or to recruit teachers able to work in Welsh or British Sign Language.
- 67 The Welsh Government plans to address issues around the training and availability of teachers of deaf, visually impaired, and multi-sensory impaired learners, as well as other specialist staff, in its Strategic Education Workforce Plan for Schools. That plan had not been published at the time of writing this report.

The Welsh Government is providing funding for all Additional Learning Needs Co-ordinators to become part of school senior management

- 68 The Act introduced a new and extended role into schools, the Additional Learning Needs Co-ordinator (ALNCo). This replaced the Special Educational Needs Co-ordinator (SENCo) role from January 2021.
- 69 The ALNCo has strategic responsibility to ensure the needs of all learners with ALN are met. Estyn has found that, while most ALNCos were committed to their role, many had other teaching or leadership roles and said that they did not have sufficient time for their duties (see **footnote 17**).

28 Royal National Institute of Blind People (RNIB) Cymru, Education Provision for Children and Young People with Vision Impairment in Wales, August 2025

- 70 The Welsh Government formed a task and finish group to look at the terms and conditions of ALNCoS.²⁹ The group recommended that ALNCoS should be part of a school's senior management team and remunerated as such. The Independent Welsh Pay Review Body later endorsed that view and recommended that the Welsh Government do research to determine appropriate non-contact time for ALNCoS.³⁰
- 71 In 2024/25, 67% of ALNCoS in schools were employed at grades below the assistant, deputy, or head teacher.³¹ Council officers we spoke to told us that, while they welcomed the sentiment that ALNCoS should be part of the senior leadership team, they were concerned about the additional cost.
- 72 In February 2026, the Welsh Government confirmed it would change the terms and conditions of ALNCoS to recognise their strategic leadership role as part of school senior leadership.³² It had previously allocated £5 million to councils in 2024-25 and £2.3 million in 2025-26 to prepare for and support ALNCoS to move onto the leadership pay scale. From 2026-27, £4 million will be included within core council funding – the revenue support grant – to recognise this additional cost.

There are issues with staffing and learning resources in the Welsh language

- 73 The Act aimed to create a bilingual system. Services must consider if a learner needs ALP in Welsh and 'all reasonable steps' must be taken to secure that provision.
- 74 The Act requires Welsh Ministers to review Welsh medium ALN provision every five years. The first review must be published by 1 September 2026, five years after implementation of the ALN reforms started. The review is underway, but there is currently no full national picture of ALN provision available through the medium of Welsh.

29 Welsh Government, [ALNCo task and finish group: report to the Minister for Education and Welsh Language](#), February 2024

30 Independent Welsh Pay Review Body, [Independent Welsh Pay Review Body: Fifth Report - 2024](#), June 2024

31 Welsh Government, [Additional Learning Needs \(ALN\) co-ordinators by staff category and sector](#)

32 Welsh Government, [Written Statement: Pay Order related to moving Additional Learning Needs Coordinators to leadership pay and conditions](#), February 2026

- 75 A 2023 report from the Welsh Language Commissioner and Children’s Commissioner for Wales concluded that there is a long way to go to realise a bilingual ALN system.³³ The report said there is ‘unequivocal evidence that a significant number of Welsh medium learners either receive support through the medium of English or do not receive the full support they need’. During our fieldwork, we heard about instances where learners with ALN in Welsh medium schools did not receive support in Welsh.
- 76 The Welsh Government appointed a Welsh Language Implementation Lead as one of several posts to support the ALN reform process. During fieldwork, we heard that this appointment was very welcome.³⁴ An unpublished 2025 report on ALN support in Welsh language schools prepared by that postholder highlighted areas of concern including the availability of training in the Welsh language for ALN and other staff.³⁵
- 77 Welsh Government data suggests 80% of support staff working in Welsh medium schools have assessed their language skills as advanced or proficient.³⁶ However, councils can struggle in some areas of Wales to employ Welsh-speaking psychologists and specialist teachers even where they can provide ALP in Welsh.
- 78 There are a range of settings within mainstream schools, special schools and alternative provision in which learners with ALN may receive support (see **Appendix 3**). The overall level of Welsh language provision and the number of learners receiving Welsh language support in these settings is not currently known, although the Welsh Government collects some relevant data.
- 79 The Welsh Government has recognised a gap in learning resources in the Welsh language generally. It set up Adnodd in 2023 as a wholly owned company to commission bilingual resources aligned with the Curriculum for Wales.

33 Welsh Language Commissioner and Children’s Commissioner for Wales, The Welsh Language in the Additional Learning Needs System, June 2023

34 Similarly, and while not specific to the Welsh language, we heard that the appointment of an ALN Transformation Lead for Further Education was also very welcome.

35 Unpublished report by the Welsh Government’s Welsh Language Implementation Lead, ALN Welsh medium workforce and professional learning, May 2025

36 Welsh Government, Support staff Welsh language ability by local authority

- 80 Adnodd's initial research showed a lack of inclusive, suitable resources for learners with ALN and other groups.³⁷ Adnodd is working with the Books Council of Wales to develop a Welsh language reading scheme for learners with ALN aged 7-12.³⁸ The scheme is due to be published in Spring 2027.
- 81 There have been long-term issues with the availability of assessments and diagnostic tests in the Welsh language. In 2024, the Welsh Government funded research to develop new Welsh language tests that measure learners' reading and writing skills.³⁹ These are now expected to be available in early summer 2026 for those aged 11-17. The Welsh Government is working with partners to develop tests for younger learners.
- 82 We heard about Welsh medium learners having assessments in English. The Welsh Government funds 10 places annually to train as an educational psychologist. At least three of these places must now be for fluent Welsh speakers or students who would be able to work through the medium of Welsh by the time they graduate. It remains to be seen if this support will help reduce waiting times.

37 Adnodd, [Research: How people find and use educational resources in Wales](#), May 2025

38 The [Books Council of Wales](#) is a charity partly funded by the Welsh Government.

39 This refers to a collection of nine tests that measure learners' performance against a representative sample or peer group.

Understanding costs

We have concerns about the sustainability of councils' ALN spending, and there is a lack of transparency around total expenditure

Council revenue budgets for ALN are increasing more sharply than their wider education budgets

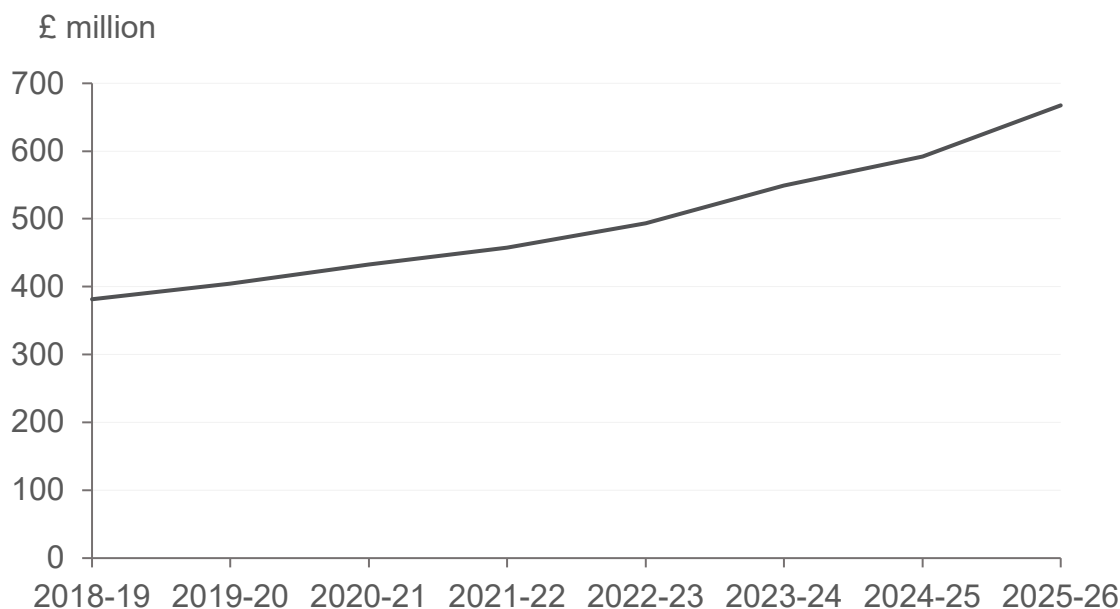
- 83 Each year, the Welsh Government provides a revenue support grant and redistributed business rates to each council to support service delivery. The revenue support grant is calculated using a complex formula aimed at ensuring fair distribution, reflecting councils' relative spending needs. The formula also includes assumptions on how much additional revenue councils receive from council tax. Councils can also receive income from other sources.
- 84 The formula includes a notional amount for special education, but this is not a spending target and does not cover all ALN support.⁴⁰ Councils can allocate more or less than the notional amount as part of their wider ALN spending. For 2025-26, the Welsh Government's overall notional allocation for special education was £398 million. Councils budgeted £668 million for ALN services overall.
- 85 Councils use different formulas to set their ALN revenue budgets.⁴¹ This, coupled with other factors including varying demand, results in significant variation in ALN budgets per pupil. For 2025-26, Merthyr Tydfil had the largest ALN budget per pupil at £2,258, whilst Rhondda Cynon Taf had the smallest at £1,086. Our [data tool](#) gives further detail of variances over time.
- 86 **Exhibit 4** shows that between 2018-19 and 2025-26 council revenue budgets for ALN or SEN services increased from £381 million to £668 million. This is an increase of 75% in cash terms and 34% in real terms.⁴² This is despite the sharp fall in the number of maintained school learners identified as having ALN or SEN (see **Exhibit 2**). However, this increase in budgets also needs to be seen in the context of the increase in the number of learners with statutory support (see **paragraph 28**) and increasing numbers in special schools (see **paragraph 17**).

40 We are currently examining local government funding arrangements, including issues relating to the formula for the revenue support grant, as part of a separate review.

41 Welsh Government, [Review of the school funding formula](#), February 2025.

42 Real terms figures are adjusted to take account of inflation using HM Treasury, [GDP deflators at market prices, and money GDP](#), March 2026.

Exhibit 4: council revenue budgets for ALN or SEN services, 2018-19 to 2025-26



Source: Audit Wales analysis of Welsh Government, [Budgeted expenditure on Special Educational Needs provision](#)

87 Councils’ ALN budgets have been increasing more sharply than their wider education budgets, meaning ALN is making up a bigger share. Councils’ overall net revenue expenditure budgets for education increased from £2.3 billion to £3.3 billion between 2018-19 and 2025-26. This is an increase of 45% in cash terms and 11% in real terms.⁴³

43 Welsh Government, [Local authority budgeted expenditure on schools](#), July 2025. Net revenue education budgets exclude expenditure funded by specific government grants. The data includes school and non-school expenditure.

There is a lack of transparency around how much of their allocated ALN budgets mainstream schools spend on ALP and what it is spent on

- 88 Councils' ALN revenue budgets are in two parts:
- **Delegated budget** – which councils distribute to mainstream and special schools. In 2025-26, 40% of councils' ALN revenue budget was allocated to mainstream schools and 29% to special schools.
 - **Non delegated budget** – which is retained by councils for central services, including centrally employed staff, as described in **paragraph 58**. This accounted for the remaining 31% of councils' ALN revenue budgets in 2025-26.
- 89 Councils differ in their level of delegation and the central services they provide, for example whether they centrally fund pupil referral units or ALN specialist units. In 2025-26, Denbighshire delegated the largest proportion of its overall ALN budget to schools at 84%. Merthyr Tydfil delegated the smallest proportion at 49%.⁴⁴
- 90 The Welsh Government requires that councils report their actual spending in relation to non delegated revenue budgets and delegated revenue budgets in special schools. Councils do not need to report their spending in relation to school revenue ALN budgets in mainstream schools.
- 91 Beyond this, there are gaps in understanding around the level of staffing and additional services that ALN budgets provide for in mainstream schools. These budgets can cover a wide range of things, such as specialist staff, training, learner assessments, and supporting disputes and tribunals. In part, these gaps are caused by inconsistency in what is classed as ALN spend, which the Welsh Government has acknowledged.
- 92 The Welsh Government does not want to dictate how councils spend their funding. It is also concerned that annual reporting on ALN revenue spending in mainstream schools would require fundamental changes to school financial systems and clear definitions. However, the current situation means it is unclear how much mainstream schools are spending on ALN overall and on different things, if they are under or overspending, or how spending varies between schools.

44 Welsh Government, Budgeted expenditure on Special Educational Needs (SEN) and Additional Learning Needs (ALN) provision: April 2025 to March 2026, June 2025

The Welsh Government recognises council ALN funding is complex and plans to make it more transparent

- 93 In 2019, the Senedd's Children, Young People and Education Committee made recommendations to improve the way school funding is distributed.⁴⁵ In early 2025, the Welsh Government published findings from its own review of the school funding formula (see **footnote 41**).
- 94 The Welsh Government's review recommended that ALN funding should form its own funding stream within the overall delegated budget for mainstream schools. The review said this would make it clearer that ALN funding is part of the overall mainstream budget and inform debate on the appropriate levels and use of ALN funding.
- 95 In 2025, the Welsh Government consulted on the review's recommendations. The Welsh Government's summary of consultation responses points to wider recognition that the changes described would provide more consistent, comparable and transparent information, enabling any inequalities to be more easily identified and challenged.⁴⁶ However, it remains to be seen whether the proposed changes will address the issues we raise in **paragraphs 91 to 92**.

The available data shows council spending on ALN services has increased well beyond inflation since 2018-19

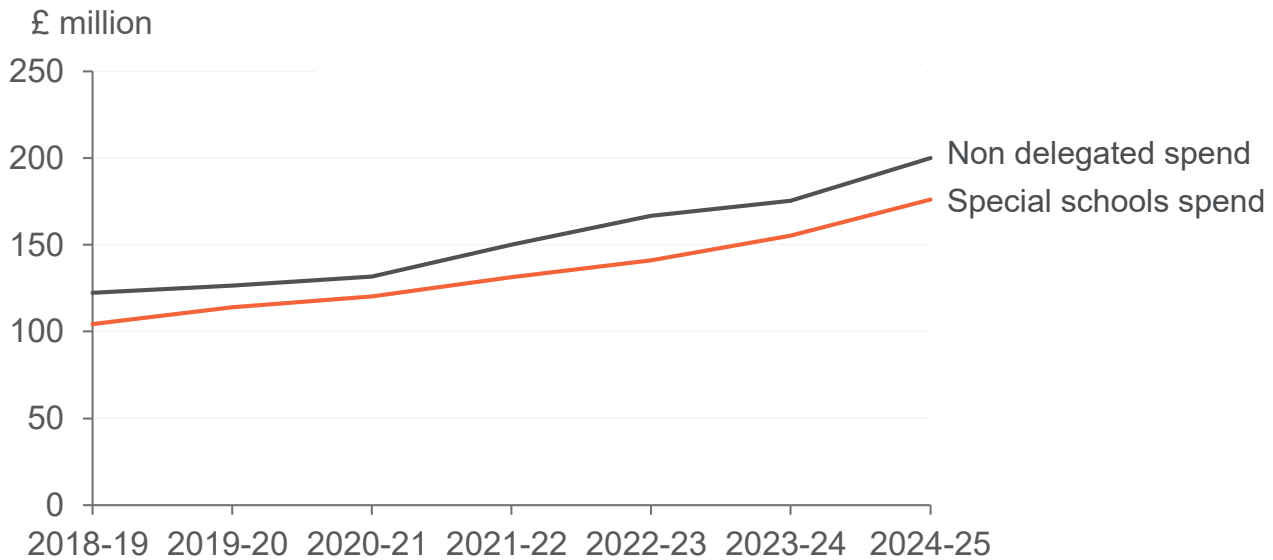
- 96 We have previously commented that ALN services are a key cost pressure for schools.⁴⁷ **Exhibit 5** shows our analysis of available data on council spending on ALN or SEN services. Between 2018-19 and 2024-25, non delegated spending on ALN or SEN services and spending in special schools increased overall from £226.8 million to £376.5 million. This is an increase of 66% in cash terms and 31% in real terms. Our [data tool](#) provides further detail for individual councils.

45 Senedd Cymru, Children, Young People and Education Committee, [School Funding in Wales](#), July 2019

46 Welsh Government, [The School Funding, Budget Statements and Outturn Statements \(Wales\) Regulations 2026 – summary of responses](#), November 2025

47 Audit Wales, [Financial sustainability of local government](#), December 2024

Exhibit 5: council non delegated spending on ALN or SEN services and spending in special schools between 2018-19 and 2024-25



Source: Audit Wales analysis of Welsh Government, Education revenue outturn expenditure by authority and service

Note: These figures do not include delegated outturn spending in mainstream schools, which is not separately reported.

- 97 As with the trend in budgets (see **paragraph 87**), ALN spending has increased more sharply than overall net education spending. The rise in spending in special schools needs to be seen in the context of the rise in learners in special schools over the same period (see **paragraph 17**).
- 98 For context, spending on education services overall increased from £2.7 billion in 2018-19 to £3.9 billion in 2024-25. This was a 45% increase in cash terms and 14% in real terms.
- 99 We heard concerns during our fieldwork about the rising trend in ALN spending. A recent Welsh Local Government Association submission to the Senedd’s Finance Committee echoed this.⁴⁸ It said ALN costs have been rising year on year and are unsustainable without increased central funding.

48 Welsh Local Government Association, Response to Senedd Finance Committee consultation on the Welsh Government draft budget for 2026-27, September 2025

Home to school or college transport costs are significant but are assumed to sit outside official ALN spending figures

- 100 The ALN Code states that travel requirements should be recorded on the IDP if a placement depends on transport. This could, for example, be to a particular school, which may not be the local school, or because a learner cannot travel independently.
- 101 During our fieldwork, we heard that councils are facing rising transport costs for learners with ALN or SEN. This was attributed mainly to more learners with complex needs and more attending special schools, as well as general pressures such as rising fuel and staff costs.
- 102 Councils' reported revenue budgets for ALN, as described in **paragraphs 83 to 87**, are assumed to exclude home to school transport costs, although feedback we have received has suggested this might not be clear cut. Overall, councils' home to school transport budgets increased from £112.7 million in 2018-19 to £206.2 million in 2025-26.⁴⁹ This is a rise of 83% in cash terms and 40% in real terms.
- 103 The National Audit Office has found that around two thirds of school transport spending in England was for transporting children with SEND.⁵⁰ Applying that proportion to Wales would suggest the budgeted cost of transporting learners with ALN or SEN may be around £137 million in 2025-26. We cannot be sure how close this is to the actual cost.
- 104 Councils also fund home to college transport for some learners in post-compulsory education. Much of this spending is likely to relate to learners with ALN because the circumstances in which councils provide free transport in post-compulsory education are limited.⁵¹ Budgeted spending on home to college transport in 2025-26 was £11.1 million.⁵² Medr has noted that transport costs can also be a reason why learners apply for other available financial support.
- 105 In addition to transport costs, the Welsh Government has highlighted that a rise in complexity and diversification of ALN or SEN has spread spending across more services and budgets. This means there will be other council spending on ALN that is not currently quantified.

49 Data for 2024-25 and 2025-26 is from the Welsh Government's [Budgeted education revenue expenditure by authority and service](#). The Welsh Government provided us with data for prior years.

50 National Audit Office, [Home to School Transport](#), October 2025

51 The [Learner Travel \(Wales\) Measure 2008](#) and subsequent guidance provide the framework for decisions on council funded home to school/college transport.

52 Welsh Government, [Budgeted education revenue expenditure by authority and service](#)

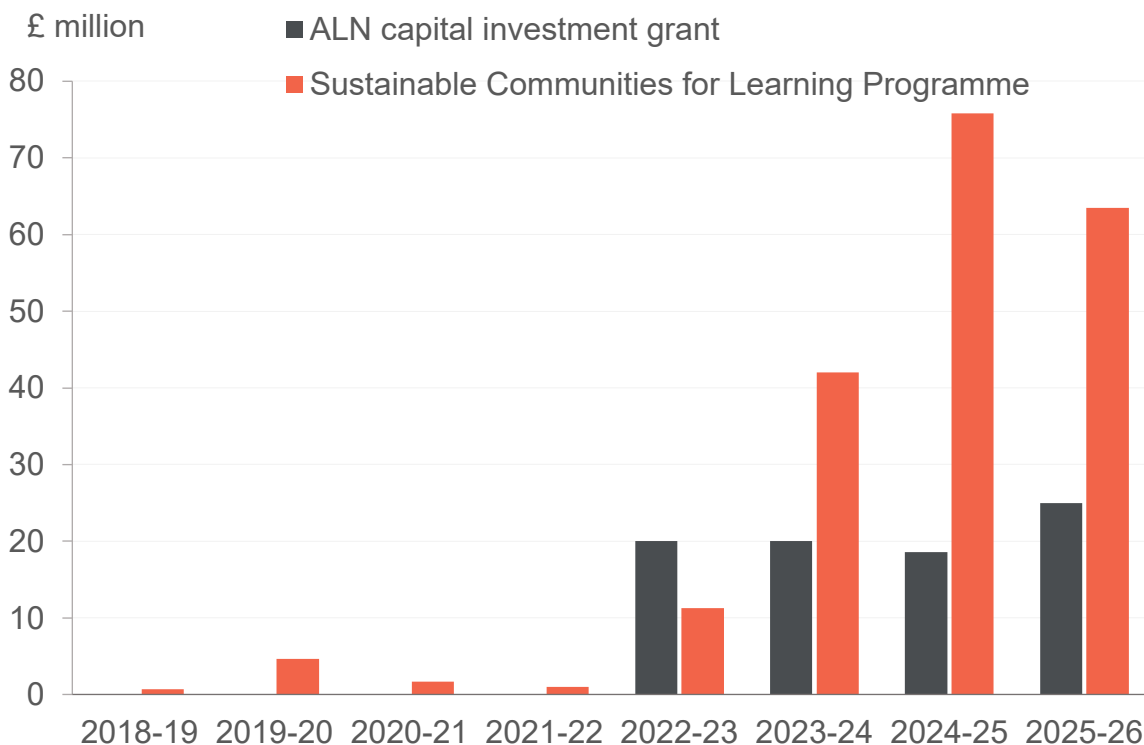
The Welsh Government has recently announced plans to significantly increase capital investment in ALN provision

- 106 Since 2022-23, the Welsh Government has provided a dedicated ALN capital investment grant to councils. Between 2022-23 and 2024-25, the Welsh Government spent £58.6 million through this grant. In 2025-26, the Welsh Government extended the grant to further education, with a £5 million allocation on top of its £20 million allocation to councils.⁵³ It has again allocated £20 million to councils and £5 million to further education for 2026-27. The Welsh Government provides 100% funding for projects through this grant.
- 107 The Welsh Government's Sustainable Communities for Learning Programme has also benefited learners with ALN.⁵⁴ Between 2018-19 and 2024-25, the Welsh Government spent £137 million on ALN specific schemes. It allocated a further £63.5 million for 2025-26. The Welsh Government has reported to us that councils' contributions to these schemes totalled £75 million.
- 108 **Exhibit 6** details spending for these two capital programmes between 2018-19 and 2024-25. It also includes the budget allocation for 2025-26.

53 The ALN capital investment grant supports capital works, building adjustments, and equipment specifically for learners with ALN. The Welsh Government assesses these projects to ensure they are in line with national ALN priorities and offer value for money.

54 We are currently completing a wider examination of the Sustainable Communities for Learning Programme looking at whether the Welsh Government can demonstrate it is achieving value for money.

Exhibit 6: Welsh Government capital expenditure or budget allocation on ALN specific schemes, 2018-19 to 2025-26^{1, 2, 3}



Source: Welsh Government

Notes:

¹ Figures for 2018-19 to 2024-25 are expenditure, and for 2025-26 are the budget allocation.

² The Welsh Government funds a proportion of the cost of projects in the Sustainable Communities for Learning Programme. This proportion varies depending on the setting and the type of finance involved. Figures do not include council contributions.

³ Although the Sustainable Communities for Learning Programme can support further education schemes, to date the ALN specific spending has been in school settings. The Welsh Government reports that it has spent or allocated an additional £2.2 billion through the programme benefitting all learners between 2018-19 and 2025-26.

109 The Welsh Government has indicated plans for a further investment of £750 million through the Sustainable Communities for Learning Programme over the next nine years to expand and create specialist ALN provision. This would be a significant increase on ALN specific programme spending over the last eight years although it would broadly continue the pattern of increased spending in 2024-25 and 2025-26.

It is unclear if the Welsh Government will continue to provide other grants to councils that have supported ALN reform beyond 2026-27

110 Beyond its notional revenue support grant allocation, since 2020-21 the Welsh Government has provided dedicated grants to councils to help implement the new ALN system. **Exhibit 7** shows that between 2020-21 and 2025-26, the Welsh Government allocated £161.3 million in these grants. Our [data tool](#) sets out allocations for each council.

Exhibit 7: Welsh Government dedicated grants allocated to councils to support implementation of the new ALN system, 2020-21 to 2025-26

Year	£ million
2020-21	16.0
2021-22	29.1
2022-23	17.7
2023-24	22.7
2024-25	37.7
2025-26	38.1
Total	161.3

Source: Welsh Government

111 The Welsh Government has confirmed a further £37 million for these dedicated grants for 2026-27. It has not yet confirmed whether this funding will continue beyond 2026-27 now the transition period to the new ALN system has ended.

112 In our fieldwork, council officers emphasised the importance of these grants. They said the grants, used to fund key ALN posts and some wider provision, are considered vital to secure ALN services in future.

It is not clear how much, overall, health boards spend on services for learners with ALN

- 113 Health boards have previously received Welsh Government grant funding to support ALN reform. The level of funding varied by health board and was used to help health professionals understand and deliver their responsibilities under the Act and the ALN code. These grants ended in 2021-22 and we understand the Welsh Government has not provided health boards with any further targeted ALN funding.
- 114 However, the overall picture of NHS spending that supports learners with ALN, including any wider NHS spending from core budgets, is unclear. During our fieldwork, we were told that ALN-related demand in health boards is rising and more funding is needed to meet it and comply with statutory responsibilities and timescales.
- 115 Health boards have not been asked to record whether spending is ALN related. Health board staff that we spoke to told us that more Welsh Government funding would be welcomed. But they considered it unlikely that additional spending would be supported by the NHS from existing budgets amid wider funding pressures and other NHS priorities.

Further education institutions are also experiencing cost pressures due to ALN

- 116 Despite some additional investment, a recent report by Colleges Wales identified an estimated funding shortfall of between £2 million and £6 million to meet the needs of learners with ALN.⁵⁵ In our fieldwork, we also heard about concerns that Welsh Government budgets for ALN in further education were not increasing in line with rising demand.
- 117 Figures provided to us by the Welsh Government and Medr about further education funding for ALN cover different programmes and periods. For example, they show that colleges received a total of £2.8 million between 2022-23 and 2025-26 to help them prepare for implementation of the Act. They also received a total of £3.3 million between 2020/21 and 2023/24 to develop and enhance provision for complex needs.

⁵⁵ Colleges Wales, Costs incurred by FEIs in carrying out the additional duties required under ALNET, Update – July 2025, unpublished report July 2025. [Colleges Wales](#) is the representative body for further education.

118 However, there are two main streams of further education funding relevant to learners with ALN. Medr has recently taken on responsibility for distributing this funding:

- **Core funding for additional learning support** – which increased from £13.6 million in 2019/20 to £16.7 million in 2024/25. The initial allocation for 2025/26 was also set at £16.7 million, but with an additional £3.2 million allocated during the year, taking this to £19.9 million.
- **Funding for independent living skills programmes** – which increased from £12.1 million in 2020/21 to £24.4 million in 2024/25.⁵⁶

The Welsh Government has also incurred significant central costs to support ALN reform

119 Between 2018-19 and 2025-26 the Welsh Government has spent and allocated £20.1 million towards resourcing national support and oversight arrangements for the ALN system and transition from the old to the new system (see **Exhibit 8**). This spending covers a range of things, such as staffing, support for professional learning, stakeholder events, and evaluation.

56 Independent living skills programmes cover learners with a range of needs. See also Estyn, [The Independent Living Skills \(ILS\) Curriculum in Further Education: Building a person-centred skills-based curriculum](#), September 2025.

Exhibit 8: Welsh Government central costs to support the ALN system, 2018-19 to 2025-26

Year	£ million
2018-19	2.8
2019-20	2.8
2020-21	2.0
2021-22	1.6
2022-23	2.7
2023-24	2.2
2024-25	2.2
2025-26 (budgeted)	3.8
Total	20.1

Source: Welsh Government

The Welsh Government does not know if ALN reform has met its aim of being cost neutral

- 120 The Welsh Government believed that transitioning to the new ALN system would be cost neutral. It anticipated that the new system would be simpler and less adversarial. It expected that additional costs would be offset by fewer disagreements and disputes.⁵⁷
- 121 The Welsh Government has not confirmed if it plans to formally review the extent to which ALN reform has been cost neutral. This may prove difficult to do fully given the lack of clarity around certain costs over time.

⁵⁷ Welsh Government, [Additional Learning Needs and Education Tribunal \(Wales\) Act: Explanatory Memorandum incorporating the regulatory impact assessment and explanatory notes](#), January 2018; and Welsh Government, [The Additional Learning Needs Code and regulations: explanatory memorandum](#), March 2021.

Overall, the figures we have identified in this report suggest current annual ALN spending approaching £1 billion, but the true cost will be higher

- 122 Taken together, the figures set out in **paragraphs 83 to 119** suggest that spending in support of learners with ALN or SEN is approaching £1 billion per year currently.
- 123 However, we have shown that this is not the full picture of spending across public services for several reasons. For example, some costs are not known, and this figure does not account for councils' contributions to capital projects. It is also difficult to be precise because some figures relate to budgeted rather than outturn expenditure or are for different time periods.
- 124 The Welsh Government has acknowledged that this incomplete picture causes difficulty when trying to estimate what the future costs for ALN services will be. Alongside gaps in information about outcomes (see **paragraphs 145 to 158**), it also hinders the assessment of value for money.

Understanding performance and outcomes

The Welsh Government has clear goals for the ALN system but has not fully integrated ALN with other policy changes

- 125 The Welsh Government set out three overarching objectives and 11 core aims of the new ALN system (see **footnote 7**). The overarching objectives were to create:
- a unified legislative framework to support all learners with ALN across the 0-25 age range;
 - an integrated, collaborative process of assessment, planning and monitoring which facilitates early, timely and effective interventions; and
 - a fair and transparent system for providing information and advice, and for resolving concerns and appeals.
- 126 The core aims included increased participation of children and young people, high aspirations and improved outcomes, and a simpler and less adversarial system with a clear and consistent right of appeal.
- 127 During our fieldwork we noted a consensus among stakeholders about the goals for the new system. There was general agreement that a person-centred system is the right approach.
- 128 There is some evidence of the Welsh Government integrating ALN with other policy areas. For example, the Welsh Government's national mission clearly sets out how education policies and commitments relate to each other.⁵⁸
- 129 The Sustainable Communities for Learning Programme is an example of how the Welsh Government has integrated its ALN policy. The programme's guidance recognises the wide range of needs learners may have and refers directly to the four broad areas of need from the ALN Code (see **Appendix 2**). It also sets out building implications, identifying that some learners with sensory or physical needs may require extra space and additional 'clues' to help them negotiate their environment.

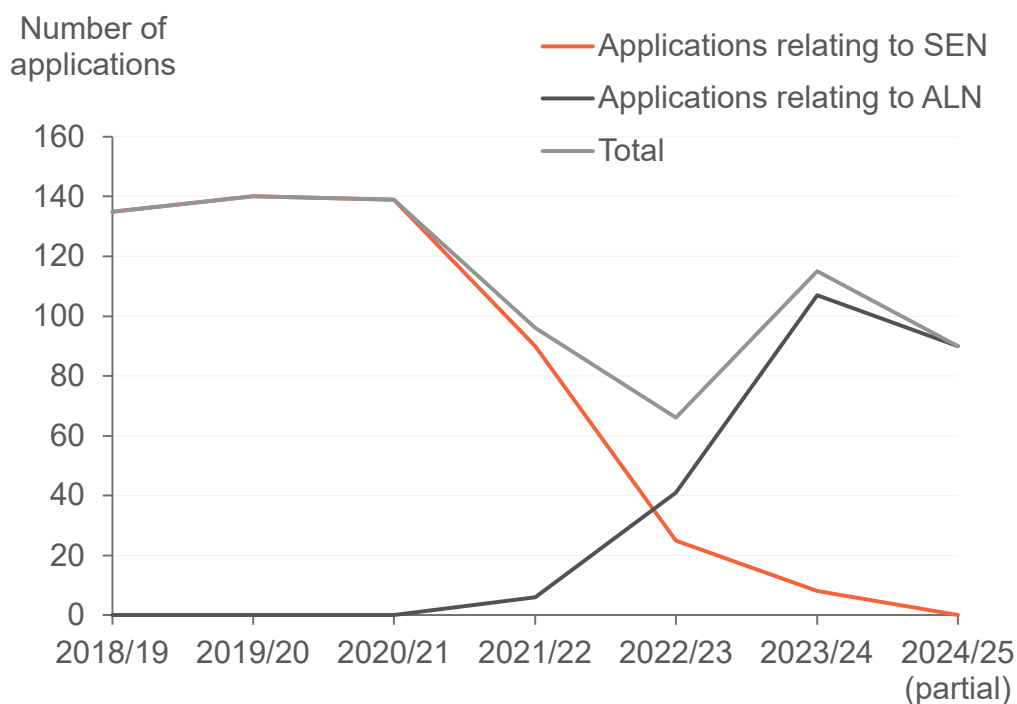
- 130 However, other reviews have highlighted that the Welsh Government could have gone further with integration. For example:
- A Welsh Government commissioned review in 2025 reflected positive feedback from some practitioners about how the ALN reforms complement the Curriculum for Wales. But it highlighted that further integration of guidance covering curriculum approaches and the requirements of the Act could have been helpful for practitioners, especially during earlier implementation of both reforms.⁵⁹
 - Estyn’s 2023 review looked at the progress schools and councils were making in supporting learners with ALN (see **footnote 17**). It said there had not been enough joined up thinking at either policy or practice level to emphasise the connection between the Curriculum for Wales and ALN reform.

The system remains adversarial despite evidence of some improvement, including fewer appeals going to Tribunal

- 131 One of the Act’s aims was to create a less adversarial system. Estyn has previously commented about aspects of improvement under the newer ALN system because of strengthened working relationships with parents (see **footnote 17**).
- 132 However, our fieldwork suggests that the system continues to be adversarial, although we recognise this is difficult to avoid entirely. Various organisations told us about the fraught nature of complaints, disputes, and appeals. Stakeholders said that the gap between expectations for the ALN system and what it delivers can cause strained relationships between practitioners, schools, councils, learners, and families.
- 133 Under the previous system, only learners with a statement had a statutory right to services and the right of appeal to the Education Tribunal for Wales (the Tribunal). The new system gives those with ALN a statutory right to services and a right of appeal. The Act also extended the age range of those who have a right of appeal to learners aged 0-25. These changes had the potential to increase the number of learners using the Tribunal route.

134 **Exhibit 9** shows that the annual number of applications for appeal submitted to the Tribunal has reduced since the introduction of the new system. However, the latest dataset for 2024-25 only covers seven months of that period following a change to reporting. The number of applications for appeal is not the only measure of whether the system is becoming less adversarial. **Paragraph 138** discusses other aspects.

Exhibit 9: applications for appeal to the Special Educational Needs Tribunal for Wales and Education Tribunal for Wales, 2018/19 to 2024/25



Source: Audit Wales analysis of [Annual reports to the Special Educational Needs Tribunal for Wales](#), for 2018/19 to 2020/21, and [Annual reports to the Education Tribunal for Wales](#), for 2021/22 to 2024/25

Note: The Tribunal has amended its reporting period from an academic year to a financial year. This will align its reporting with the other devolved Welsh tribunals. The data for 2024/25 only covers seven months from September 2024 to March 2025 to allow for this change.

- 135 The Tribunal has said that a lack of awareness about rights of appeal could contribute to lower numbers going to Tribunal.⁶⁰ This point was echoed in a recent Welsh Government survey that found 54% of parents and carers were not aware of their rights to challenge decisions under the ALN system (see **footnote 20**).
- 136 The Welsh Government's new ALN toolkit aims to improve information and awareness for parents and families.⁶¹ It provides clear, accessible information about the complaints and tribunal process, advocacy services, and wider information about the ALN system.
- 137 The Tribunal's annual reports highlight key themes that sit behind the data on number of applications. The most recent full-year report for 2023/24 shows the largest categories of appeals are around one or more of need, provision, or school.⁶² These types of appeals would be relevant to the content of an IDP. The annual reports also highlight a relatively high number of appeals due to 'refusal to take over responsibility of an IDP' and 'does the child have ALN'.
- 138 Other aspects of disputes are difficult to quantify. There is no data routinely collected on disputed ALN decisions that do not reach the Tribunal. The recent Welsh Government survey of parents and carers mentioned above found that 31% did not agree with decisions made about their child. The most frequent complaint was about the decision not to have an IDP.
- 139 The Tribunal's recent submission to a review of the ALN legislative framework described the ALN legislative framework as 'intellectually challenging' (see **footnote 60**). Our fieldwork interviews highlighted difficulties bodies were experiencing in enacting the framework in the context of inconsistencies between the Act and the ALN Code.
- 140 As outlined in **paragraphs 33 to 41**, there are different approaches to ALP. The Act provides a definition, but the ALN Code does not provide clarity on how it could be interpreted and applied. Following its review of the Act and the ALN Code, the Welsh Government has set out priorities for the next phase of ALN reform.⁶³ These include clarifying definitions at the heart of the system, around who has ALN and what support learners can expect.

60 Education Tribunal for Wales, [Review of the Additional Learning Needs Legislative Framework in Wales – Contribution from the Education Tribunal for Wales](#), September 2025

61 Welsh Government, [Additional learning needs \(ALN\): parent and carers toolkit](#), first published November 2025. The toolkit is also available in an easy read version.

62 The Education Tribunal for Wales, [The Education Tribunal for Wales. Annual Report 2023-24](#), January 2025

63 Welsh Government, [Additional Learning Needs \(ALN\) legislative framework review](#), October 2025

We heard accounts of both positive and negative experiences of the ALN system

- 141 Opinions from learners and their families can provide useful insights when assessing the ALN system's overall performance. As mentioned in **paragraphs 135 and 138**, the Welsh Government commissioned a survey of parents and carers as part of its evaluation of the ALN reforms. The survey included, for example, questions about the identification of ALN, IDPs, and satisfaction with the ALN system. It is not clear if there will be any further national approaches to gain insights from learners and families.
- 142 Bodies representing learners with ALN told us about their concerns regarding the overall performance of the ALN system. However, we heard accounts of both positive and negative experiences from stakeholders, representatives and from families.
- 143 In 2023, a joint output from the Welsh Language Commissioner and the Children's Commissioner for Wales highlighted challenges for learners and families (see **footnote 33**). And the Children's Commissioner told us that a growing proportion of their caseload relates to ALN. Between September 2024 and August 2025, 20% (112 cases) of the caseload related to ALN or SEN. Themes included issues with placement, provision, IDPs, and transport.
- 144 Our fieldwork interviews highlighted some positive feedback about the application of the person-centred approach. The Welsh Government has also worked with Children in Wales to gather evidence from learners in four school settings.⁶⁴ Learners spoke about their experiences of the ALN system when they felt their views were taken seriously. However, the project also highlighted some areas of challenge. For example, learners felt schools could not always meet their needs amid capacity and resource pressures, even though they felt teachers were doing their best.

64 Welsh Government, Children in Wales Participation Programme 2024/25: Additional Learning Needs (ALN) Ambassador Programme, November 2025. Children in Wales is a national umbrella organisation for voluntary, statutory and professional organisations and individuals who work with children, young people and families.

The available data provides only a limited picture of whether the system is delivering good outcomes for learners with ALN

- 145 We considered whether the performance of the ALN system is being measured effectively. There are various wider arrangements for oversight of the education system's performance in Wales. However, there are currently no appropriate indicators, or a national framework, around achieving the aspirations of learners with ALN, improved outcomes for them, or the effectiveness of ALN interventions. These issues are longstanding and are not unique to Wales.⁶⁵
- 146 During fieldwork we noted examples of councils that aimed to measure long-term outcomes from ALP. However, they described difficulties in measuring outcomes alongside other factors such as poverty and the consequences on education and behaviour from the COVID-19 pandemic.
- 147 At a local level, some of the councils we engaged with do have arrangements for monitoring effectiveness of ALN support. However, there was no consensus on the best way of reviewing support for learners and bringing together an assessment of effectiveness to ensure outcomes for learners with ALN are achieved.
- 148 When an individual learner's IDP is reviewed, this provides an opportunity to gather useful information about whether support is effective. However, councils told us about variability in the quality of, and compliance with, IDP reviews. The Welsh Government recently took steps to improve the evidence base around ALN decisions and IDPs (see **footnote 6**).
- 149 We found that not all councils we met with have centralised systems for viewing the content of school-held IDPs. Such systems can enable council officers to have greater insights on the initial quality of IDPs and any ongoing monitoring of reviews or assessments of ALP effectiveness.

65 Audit Scotland, [Additional support for learning](#), February 2025; National Audit Office, [Support for children and young people with special educational needs](#), October 2024; and Northern Ireland Audit Office, [Impact Review of Special Educational Needs](#), September 2020.

- 150 The Welsh Government publishes a range of data that includes detail for learners with ALN or SEN.⁶⁶ However, data available on outcomes for these learners in schools has historically focused on exam results and academic achievement. Examinations data provides some information about the attainment of learners with ALN, but it does not provide a full picture on outcomes.⁶⁷
- 151 The Welsh Government recognises that its data does not provide evidence of the overall progression of individual learners from their starting point. The Welsh Government also recognises that the transition from the SEN system to the ALN system has impacted on the make-up of the category of learners with ALN or SEN from year to year. This makes it difficult to draw conclusions from the current data when looking at trends.
- 152 The Welsh Government and Medr also have separate information on outcomes for learners with ALN in further education. They oversee the Lifelong Learning Wales Record (LLWR) that captures information from further education, apprentices, and the adult learning sector.⁶⁸ Some of this data is about ALN support.
- 153 Medr also publishes data on learner ‘destination’ covering, for example, whether learners go onto employment or continue learning.⁶⁹ While this data and the LLWR help to provide a picture of outcomes for post-16 learners with ALN, they do not provide clear insights into whether learners with ALN have improved outcomes due to the support they receive.
- 154 Another example of collecting outcome information is through Recognising And Recording Progress and Achievement (RARPA). This is a process that providers can use to measure learners’ progress towards their chosen destinations. RARPA helps ensure the quality of non-accredited programmes and learning in specialist further education settings and for independent living skills courses in mainstream further education.

66 For example, Welsh Government, [Pupils educated other than at school, September 2024 to August 2025](#), August 2025. Welsh Government, [Attendance and absence from primary schools: September 2024 to August 2025](#), November 2025. Welsh Government, [Attendance and absence from secondary schools: September 2024 to August 2025](#), September 2025.

67 Welsh Government, [Examination results](#)

68 Welsh Government, [Further and higher education data collections](#)

69 Medr, [Sta/Medr/18/2025: Consistent performance measures for post-16 learning: Learner destinations, August 2021 to July 2023](#), December 2025

- 155 The Welsh Government has proposed new ways to improve aspects of data collection as part of its educational reforms.⁷⁰ For example, it is planning for a new '14 to 16 Learner Entitlement Indicators Framework' from 2027.⁷¹ The framework will detail what information will be published about each school.
- 156 It is not clear yet what contextual information schools will publish to provide a fuller view of learners' experiences and outcomes and if this will include information about those with ALN. The current options being considered only apply to learners aged 14-16. The question of suitable outcome measures for the full ALN age range of 0-25 looks out of scope for this new data framework.
- 157 The Welsh Government has described how changes it is making around ALN data will 'help support learners with ALN to meet their full potential, as well as monitor, evaluate and improve the ALN system' (see **footnote 6**). The changes are a positive step forward. However, they do not include a detailed approach to improving outcome measurement for learners with ALN.
- 158 The Welsh Government has commissioned an evaluation to look at the implementation of the ALN system. The work has highlighted how the new ALN system can contribute to positive outcomes for learners, families, and the wider education system. It has also presented ways in which outcomes could be captured.⁷² It is yet to be seen how the Welsh Government might measure these outcomes in future.

70 Welsh Government, [Developing a new data and information ecosystem that supports the reformed school system in Wales](#), May 2023

71 Welsh Government, [Decisions report - outcomes from the consultation on using data and information to support learning and improvement](#), July 2025

72 Welsh Government, [Evaluation of the Additional Learning Needs system: scoping report](#), December 2023



Recommendations

159 We are aware of other recommendations made in recent reports about the ALN system in Wales. We have looked to avoid duplicating existing recommendations. We also make our recommendations in the context of recent Welsh Government consultations and/or actions on ALN data collection, the ALNCo role, and about how schools are funded by councils to make things fairer and more transparent.

Understanding demand

R1 To ensure there is a clearer national picture about the number of learners with ALN, the Welsh Government should collect and publish more consistent data across age ranges and settings. To achieve this, the Welsh Government will need to fill gaps in relation to children with ALN below compulsory school age as well as learners electively home educated. And it should work with Medr to improve the quality of data for learners with ALN above compulsory school age.

(See paragraphs 12 to 15 and 29 to 32)

Understanding workforce capacity and skills

R2 To gain a better understanding of the workforce supporting learners with ALN and to aid planning for current and future needs, the Welsh Government should agree with key stakeholders a proportionate approach to collecting and monitoring data on staff who support these learners. For example, this should include data on the number of:

- staff in early years and further education institutions;
- staff employed directly by councils; for example, specialist teachers, educational psychologists, and EYALNLOs; and
- specialist staff employed by schools, special schools, or other settings; for example, specialist teachers of deaf, visually impaired, or multi-sensory impaired learners and ALN support staff / teaching assistants.

(See paragraphs 56 to 60 and 63 to 67)

Understanding costs

R3 To ensure there is a clearer national picture of ALN costs, the Welsh Government should:

- 3.1** Lead work to compare and learn from the way councils are setting ALN revenue budgets, to encourage shared learning and greater consistency of approach.
- 3.2** Work with councils to develop a clear framework for reporting all ALN spend against budgets in mainstream schools.
- 3.3** Collate and publish an annual picture of ALN-related spending in Wales. As a minimum this should cover ALN revenue spending in schools and wider council departments such as transport, spending in health boards and further education, plus wider capital ALN spending and Welsh Government central spending.

(See paragraphs 85 to 92, 100 to 109, 113 to 119 and 122 to 124)

R4 To improve service planning and ensure future sustainability of the ALN system, the Welsh Government should:

4.1 Work with responsible bodies to review spending to assess whether current ALN revenue and capital spending plans will meet future demand for ALN services.

4.2 As soon as possible, communicate a decision to public bodies on whether dedicated ALN grants that provide additional financial support to deliver ALN services will continue beyond 2026-27.

(See paragraphs 110 to 112 and 122 to 124)

R5 To ensure transparency about the cost of ALN reform, the Welsh Government should, by the end of 2026-27, assess whether the reform is on track to achieve its aim of being cost neutral.

(See paragraphs 120 to 121)

Understanding performance and outcomes

R6 To capture information about aspirations, monitor outcomes, and support improvement, the Welsh Government should agree with key stakeholders a proportionate approach to collecting and monitoring data on outcomes for learners with ALN. This should include regular national approaches to gathering the views of these learners and their parents or carers.

(See paragraphs 141 to 158)



Appendices

- 1 About our work
- 2 Data on types of need
- 3 Settings for learners with ALN
- 4 Key terms in this report

1 About our work

Scope of the audit

Our focus was mainly on the Welsh Government, councils, and their remit in relation to ALN within schools. We considered their understanding of demand, workforce capacity and skills, costs, and outcomes.⁷³

We also formed a view on the Welsh Government's wider strategic role alongside other public bodies' roles within the ALN system. So, to a lesser extent we considered the roles of early years' provision, health boards, and further education institutions. Our scope did not extend to a detailed review of each body with statutory responsibilities under the Act.

Reform of the ALN system is part of what underpins the Welsh Government's well-being objective to 'Continue our long-term programme of education reform, and ensure educational inequalities narrow and standards rise'.⁷⁴ As such, we used this audit to consider the extent to which the Welsh Government has acted in accordance with the sustainable development principle in taking steps to meet that objective.

Audit questions and criteria

Questions

We focused our work around three specific questions:

- Do public bodies have a good understanding of the demand for ALN provision and the resources needed to meet it?
- Do public bodies have a good understanding of the costs and sustainability of providing ALN services?
- Do public bodies have a good understanding of the performance of the ALN system and is it performing well?

73 'Demand' can have negative associations for learners and families. We are using the word to refer to the economic model of supply and demand.

74 Welsh Government, [Programme for government 2021 to 2026: Well-being statement](#), June 2021

Criteria

We drew on a range of sources to develop our audit criteria, as below:

- Analysis of national strategic documents and our research into other reviews relating to Wales.
- Work by other UK audit bodies.
- Audit Wales internal guidance, including our ‘positive indicators’ which are an illustrative set of characteristics that describe how the sustainable development principle could be applied effectively. They were developed through engagement with public bodies and informed by advice and guidance from the Future Generations Commissioner for Wales.

Methods

We conducted most of our fieldwork between July and September 2025, using the following methods:

- Review of key legislative, policy and guidance documents. We also considered published reports from other bodies including the Senedd, Estyn and other Welsh inspectorates and commissioners, and academic and other research.
- Analysis of financial and other data, as described in the main body of this report and taken from other sources. Our [data tool](#) contains more detailed information and analysis. We have not audited the data we are drawing on.
- Interviews with representatives from:
 - the Welsh Government;
 - Ceredigion, Rhondda Cynon Taf, Newport, Swansea, and Wrexham councils, along with a North Wales Regional ALN Group that includes Conwy, Flintshire, Gwynedd, Wrexham and Isle of Anglesey;
 - the four Designated Education Clinical Lead Officers (DECLOs) who, between them, cover all seven health boards in Wales;
 - third sector organisations including members of the Third Sector Additional Needs Alliance (TSANA), a coalition of third sector organisations representing a broad range of children and young people with additional learning needs; and
 - other education stakeholders including the Education Tribunal for Wales, Estyn, Medr (the Commission for Tertiary Education and Research), and Colleges Wales.

In February 2026, we shared our emerging findings at a meeting of a working group established by the Association of Directors of Education in Wales which is looking at ALN system costs.

2 Data on types of need

As background to individuals' type of need, the ALN Code recognises there is a wide range of learning difficulties or disabilities. However, it broadly classifies the needs into four areas:

- Communication and integration.
- Cognition and learning
- Behaviour, emotional and social development.
- Sensory and/or physical.

Exhibit 10: reports of ALN or SEN by type of need in maintained schools, 2024/25

Type of need	Number of learners with ALN or SEN	% of all learners with ALN or SEN
Speech, language, and communication difficulties	15,875	36.2
Behavioural, emotional, and social difficulties	14,845	33.8
Autism Spectrum Disorder (ASD)	10,975	25.0
Moderate learning difficulties	9,305	21.2
Physical and medical difficulties	3,785	8.6
Severe learning difficulties	3,280	7.5
Attention Deficit Hyperactivity Disorder (ADHD)	2,400	5.5
Dyslexia	2,305	5.3
Hearing impairment	1,135	2.6
Profound and multiple learning difficulties	975	2.2
Visual impairment	750	1.7
Multi-sensory impairment	335	0.8
Dyspraxia	330	0.7
Dyscalculia	165	0.4

Source: Audit Wales analysis of Welsh Government, [Schools' census results: January 2025](#)

Note: Learners may have more than one need recorded so numbers are greater than the total number of learners with ALN.

3 Settings for learners with ALN

Exhibit 11: examples of settings for learners with ALN

Setting	Description
Alternative provision	Settings which can accommodate education for learners who are unable, for various reasons, to attend mainstream school.
Designated units	Settings within mainstream schools designed for learners with specific needs. For example, learners with speech, language, or sensory impairments.
Specially resourced provision	Facilities within mainstream schools for learners with specific learning or physical needs. These facilities differ from designated units as they allow learners to spend most of their time in mainstream classrooms.
Special resource base	Dedicated space within mainstream schools designed to support learners with specific needs. Learners' needs might include health needs.
Special schools	Schools that aim to cater more specifically for learners who are likely to have more complex needs. Special schools can be co-located with a mainstream school, split across multiple sites, or include extensive facilities that offer specialist or vocational learning. All learners in these settings have IDPs or equivalent. There is wide variation between these settings in relation to age range, number of learners, and provision/needs that are met.
Supplementary area	Areas within mainstream schools designed for extra purposes, for example ALN support.
Transition spaces	Areas within a school building to help learners move between different activities, tasks, or routes.

Source: Audit Wales summary based in part on Welsh Government, [Area guidelines for schools in Wales: building guidance](#), March 2025

4 Key terms in this report

Term	Description
Additional Learning Needs (ALN)	<p>The Additional Learning Needs and Educational Tribunal (Wales) Act 2018 sets out the definition of ALN. It says that:</p> <ul style="list-style-type: none"> • a child or young person has ALN if they have significantly greater difficulty in learning than the majority of others of the same age or have a disability which prevents or hinders them from making use of the educational or training facilities generally provided for others of the same age in mainstream maintained schools or colleges; and • below compulsory school age, a child has ALN if, without extra support, they are likely to fall within one or both descriptions above when they reach compulsory school age.
<u>Additional Learning Needs and Educational Tribunal (Wales) Act 2018 (the Act)</u>	Established a new statutory framework for supporting children and young people with ALN. Replaced legislation around Special Educational Needs (SEN) and the assessment of children and young people with learning difficulties and/or disabilities in post-16 education and training.
<u>The Additional Learning Needs Code for Wales 2021 (the ALN Code)</u>	Together with the Act, establishes the statutory system for meeting the ALN of children and young people.
Additional Learning Provision (ALP)	The support that is additional to, or different from, what is generally available to others of the same age in nurseries, mainstream schools, or colleges. Any education support for a child aged under three is defined as ALP.
Additional Learning Needs Co-ordinator (ALNCo)	The ALN Code sets out information about the role. All mainstream maintained schools and further education institutions must designate a person, or more than one person, responsible for co-ordinating provision for learners with ALN.

Term	Description
Designated Education Clinical Lead Officer (DECLO)	The DECLO is responsible for co-ordinating a health board's functions in relation to children and young people with ALN. The Act requires health boards to have a DECLO.
Early Years Additional Learning Needs Lead Officer (EYALNLO)	Under the Act, councils must designate an officer with responsibility for co-ordinating functions for children under compulsory school age who are not attending maintained schools. The ALN Code provides further information about the EYALNLO role.
Education Other Than At School (EOTAS)	Provision for learners of compulsory school age who cannot receive suitable education because of illness, exclusion, or other reason. This can include a pupil referral unit, independent school, or council-funded home tuition. It does not include those who are electively home educated.
Education Tribunal for Wales (the Tribunal)	The Tribunal describes itself as making decisions on appeals about ALN or SEN and claims of disability discrimination in schools. The Tribunal was renamed from the former Special Education Needs Tribunal Wales on 1 September 2021.
Individual Development Plan (IDP)	<p>A statutory plan introduced by the Act for learners with ALN. IDPs should cover:</p> <ul style="list-style-type: none"> • a learner's personal details; • a description of their ALN; • the ALP required; • responsibilities for providing ALP; and • review arrangements. <p>Schools or colleges usually hold IDPs. Councils will be responsible for the IDP where the ALP is complex or in specific circumstances, for example looked after children, children under five years of age, and those attending specialist college.</p>

Term	Description
Special Educational Needs (SEN)	Previous system in Wales and policy for children with additional needs. The Act replaced the terms ‘SEN’ and ‘LDD’ with ALN.
Special Educational Needs and Disabilities (SEND)	In England, SEND refers to a child or young person (0-25 years old) who may need more support than children of the same age to make the expected progress. They may have an Education, Health and Care Plan. The Children and Families Act 2014, Equality Act 2010, and the SEND code of practice: 0 to 25 years form the statutory framework.
Non-statutory ‘school action’ and non-statutory ‘school action plus’	<p>Previous legislation provided for a graduated response to SEN in Wales, including:</p> <ul style="list-style-type: none"> • school action – teacher provided activities beyond those provided as part of the school’s usual differentiated curriculum offer; and • school action plus – the school would request additional help and advice from external support services provided by the council and/or other agencies.
Statement of SEN	Under the previous legislation, schools could request a statutory assessment by the council if concerns persisted about a learner’s progress having gone through school action and school action plus. The council would decide whether to issue a statement of SEN and was responsible for ensuring that resources were available for the provision in the statement. Statements were all council held. The statements were seen as being issued to learners with the most complex needs.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Domiciliary Care Audit Report

Update to the Audit Committee (April 2026)

At the Audit Committee held on 28/11/2024, a *Domiciliary Care Special Audit report* was presented by the Internal Audit Service. The report noted that the domiciliary care commissioning model in Gwynedd is ambitious, and that there are significant challenges in its implementation.

Some processes were found to be ineffective, including the use and management of data, as well as monitoring and managing of budgets. It was also noted that these issues needed to be addressed quickly. The Department for Adults, Health and Wellbeing was asked to provide a further update on the steps ahead.

An update was submitted to the Committee on 06/02/2025. The report was accepted, and the Committee welcomed the work programme. However, a further update was requested in a year's time. This report provides that summary update.

Successes and Developments

- i. In 2025, several sub-areas in Gwynedd were of concern, as providers were unable to respond to the demand for care. In two sub-areas, the agreements have been terminated, and new arrangements have been put in place with alternative providers. While this process has required a considerable amount of time and resources, it has been successful. Care provision in these areas is now more stable, with fewer people on waiting lists.
- ii. Another significant concern was the number of hours of care that were being paid for but not being provided directly. Under the block arrangement, a provider, for example, was expected to provide 500 hours of care per week, and payment was made for all those hours. When a provider was unable to provide that number of hours, the process of adjusting the blocks was complex and rigid, and so for extended periods it seemed that 'wasted' hours were being paid.

As a result of the work programme, the number of hours not going towards direct care has decreased significantly – from over 1,000 hours per month at the start of 2025–26 to less than 500 hours per month by March 2026. This equates to a saving of around £20,000 per month, either because these hours are no longer paid as a result of monitoring and reducing block hours, or because they are being redirected to providers who can provide direct care. While clear progress has been made, one area continues to pose challenges, and discussions are

ongoing there. The contracts in place and the principles of the model limit our ability to eliminate these hours altogether.

- iii. A similar situation can be seen in the in-house delivery teams. There are times during the day when the demand for care is relatively low (for example, between 2 and 4 o'clock in the afternoon). Historically, workforce shift patterns meant that too many staff were working during these hours, and not enough carers were available when demand was higher. Changes to working patterns are now underway in the Ffestiniog and Tywyn areas, and these are expected to lead to a better match between staffing hours and care needs.
- iv. The original report also cited concerns about late payments and inadequate budgetary management. The arrangements have now been revised, with the sub-areas' social work teams taking more responsibility for reviewing the spreadsheets submitted by providers. This enables the teams to identify and respond more quickly to any gaps or errors in the data. The Commissioning and Contracts Team supports and facilitates this process. As a result, information about care provision is more accurate, and payments are made more promptly and consistently.
- v. Following on from the adult *llechen lan* report, work has been underway to strengthen our ability to meet needs in alternative ways, where traditional domiciliary care is not required. There has been an increase in the number of packages being delivered through direct payments, an increase in the numbers making use of technology at home, and the promoting independence team has been set up with an officer appointed to lead the team. The team will focus on areas such as direct payments, technology, robotics etc building on our ability to make the most of these options.

Challenges

Although waiting lists for domiciliary care have been significantly reduced in some areas (such as Ardudwy, Pwllheli and Tywyn), they remain high in other sub-areas, including Ffestiniog and Nantlle. Nevertheless, fewer people are now waiting for extended periods, for example over 90 days. Specific work is underway to prioritise these individuals, and discussions are ongoing to attract additional providers from nearby areas to help ease the pressure. There are local efforts and discussions in the community resource teams to identify opportunities to free up hours for individuals who are waiting.

Staff recruitment and retention remains a significant challenge across the sector. Internally, sickness levels are a challenge, but overall across the sector recruitment from abroad has been helping to sustain the sector over the past few years. As of 22/07/2025, it is not possible for providers to recruit care workers from overseas. Individuals who have already moved to Gwynedd from abroad to work in the sector are only certain of their status until 2028, and as a result some are considering their future here in Gwynedd.

Despite local efforts, including the development of the Care Academy in Gwynedd, the current level of reliance on workers from abroad suggests that this is not a problem that can be solved at a local level alone. This represents a significant risk to the sector in general, and to home care in particular.

Next Steps

The current domiciliary care contracts expire in October 2027. Work has begun evaluating the current model and the way domiciliary care is provided in Gwynedd.

Over the coming months, the Commissioning Team will continue to engage with domiciliary care users and their families, individuals waiting for care, social work professionals, care workers, providers and other stakeholders in order to gather feedback and discuss options.

Work is also underway with other councils who have piloted similar models, in order to share experiences and learn from good practice. A shortlist of options for evaluation is expected to be submitted by the end of October, giving ample time to prepare for any potential changes to the model and agreements. The aim of all this is to ensure that the Council is in the best possible position to provide sustainable and effective domiciliary care to the residents of Gwynedd.

Governance and Audit Committee Forward Programme to April 2027

21 May 2026

Election of Chair

Election of Vice-Chair

Implementation of Committee Decisions

Governance and Audit Committee Annual Report 2025/26

Gwynedd Harbours Draft Accounts for the Year ended 31 March 2026

Final Accounts 2025/26 – Revenue Outturn

Capital Programme 2025/26 – End of Year Review (position 31 March 2026)

Treasury Management Quarterly Report

Internal Audit Output

Head of Internal Audit Annual Report 2025/26

Audit Wales Work Plan (Gwynedd and GwE Accounts)

Audit Wales Reports and Organisational Response

Procurement Thresholds and Amendments to the Contract Procedure Rules

Special Audit Report update - Home Care

The Committee's Forward Programme

9 July 2026

Implementation of Committee Decisions

The Committee's Development Programme

Statement of Cyngor Gwynedd's Accounts for the Year Ended 31 March 2026 (Subject to Audit)

Cyngor Gwynedd's Annual Governance Statement for 2025/26

Treasury Management 2025/26

GwE's Final Accounts for the Year Ended 31 March 2026 and the Relevant Audit

Cyngor Gwynedd's Risk Management Arrangements

The Council's Complaints Handling Arrangements

Review of the capacity of the Internal Audit Service

Audit Wales Reports and Organisational Response

Cyngor Gwynedd Self-Assessment 2025/26

Recommendations and Improvement Proposals of External Audit Reports

The Committee's Forward Programme

29 September 2026

Implementation of Committee Decisions
Gwynedd Harbours Final Accounts for the Year ended 31 March 2026 *(if required)*
Cyngor Gwynedd's Annual Performance Report and Self-Assessment 2025/26
Medium Term Financial Plan
Half Year Risk Report
Treasury Management Quarterly Update
Audit Wales Reports and Organisational Response
Panel Performance Report Recommendations and Council response *(or 22 October)*
The Committee's Forward Programme

22 October 2026

Implementation of Committee Decisions
Revenue Budget 2026/27 – Review End of August 2026
Capital Programme 2026/27 – Review End August 2026
Savings Overview: Progress Report on Realisation of Savings Plans
Treasury Management 2026-27 Mid-Year Review
Internal Audit Output
Internal Audit Plan 2026/27
Audit Wales Reports and Organisational Response
Recommendations and Proposals to Improve External Audit Reports
The Committee's Forward Programme

4 February 2027

Implementation of Committee Decisions
Revenue Budget 2026/27 – Review at End of November 2026
Capital Programme 2026/27 – Review at End of November 2026
Savings Overview: Progress Report on Realisation of Savings Plans
Treasury Management Quarterly Update
Savings 2027/28
Capital Strategy 2027/28 (including Investment and Borrowing Strategies)
Budget 2027/28
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Recommendations and Improvement Proposals of External Audit Reports

15 April 2027

Implementation of Committee Decisions

Revenue Budget 2026/27 – End of November 2026 Review

Capital Programme 2026/27 – End of November 2026 Review

Savings Overview: Progress Report on Realising Savings Plans

Quarterly Treasury Management Update

Savings 2027/28

Capital Strategy 2027/28 (including Investment and Borrowing Strategies) Budget 2027/28

Audit Wales Reports and the Institutional Response

Committee Forward Programme

Recommendations and Proposals for Improving External Audit Reports