



# 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, 9TH JULY, 2026**

Location

**Virtual Meeting**

**\* NOTE \***

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

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(DISTRIBUTED 02/07/26)

# **GOVERNANCE AND AUDIT COMMITTEE**

## **MEMBERSHIP (18)**

### **Plaid Cymru (8)**

#### Councillors

Geraint Wyn Parry  
Arwyn Herald Roberts  
Meryl Roberts

Ioan Thomas  
Menna Baines  
Huw Rowlands

Edgar Wyn Owen  
Elfed Wyn ap Elwyn

### **Independent (4)**

#### Councillors

Wendy Cleaver  
Richard Glyn Roberts

Angela Russell  
Elwyn Jones

### **Lay Members (6)**

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

### **Ex-officio Members**

Chair and Vice-Chair of the Council

# A G E N D A

## 1. APOLOGIES

To receive apologies for absence.

## 2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

## 3. URGENT ITEMS

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

## 4. MINUTES

5 - 17

The Chairman shall propose that the minutes of the meeting of this committee, held on the 21<sup>st</sup> May 2026, be signed as a true record.

## 5. IMPLEMENTATION OF COMMITTEE DECISIONS

18 - 31

- To consider the contents of the action schedule above and offer comments
- To agree to remove from the schedule those items identified as suitable for deletion

## 6. CYNGOR GWYNEDD'S ANNUAL GOVERNANCE STATEMENT FOR 2025/26

32 - 48

To consider and approve the statement so that it can be signed by the Council Leader and the Chief Executive

## 7. CYNGOR GWYNEDD SELF-ASSESSMENT 2025/26

49 - 69

To consider the issues presented for 2025/26 and offer any comments and recommendations along with any additional matters that should be included.

## 8. STATEMENT OF ACCOUNTS 2025/26

70 - 163

To receive the statutory statement of accounts (subject to audit draft) for information.

## 9. THE GWE JOINT COMMITTEE'S ACCOUNTS 2025/26 FOR THE PERIOD OF TWO MONTHS TO 31 MAY 2025, OUT-TURN REPORT, STATEMENT OF ACCOUNTS SUBJECT TO AUDIT AND THE GOVERNANCE STATEMENT

164 - 215

To submit:

- GwE Revenue Income and Expenditure Account for 2025/26 (in the form of an out-turn report)

- GwE Statement of Accounts 2025/26 (subject to audit)
- GwE Annual Governance Statement 2025/26

**10. TREASURY MANAGEMENT 2025/26** 216 - 225

To receive the report for information.

CIPFA's Code of Practice requires that a report on the results of the Council's actual treasury management is produced.

**11. ESTYN AND CARE INSPECTORATE WALES REPORT** 226 - 230

To consider and accept the report

**12. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS** 231 - 234

To consider the report and ensure correct governance within the Council by having an overview of how it will respond to improvement proposals made in external audit reports.

**13. NORTH WALES CORPORATE JOINT COMMITTEE - NOMINATION OF A LAY MEMBER FOR THE GOVERNANCE AND AUDIT SUB COMMITTEE** 235 - 242

To consider the report

To nominate one Lay Member to the Governance & Audit Sub Committee of the North Wales Corporate Joint Committee.

**14. THE COMMITTEE'S FORWARD PROGRAMME** 243 - 245

To consider and accept the work programme

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## GOVERNANCE AND AUDIT COMMITTEE 21 May 2026

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### Attendance:

**Councillors:** Menna Baines, Elwyn Jones, Edgar Wyn Owen, Geraint Parry, Huw Rowlands, Meryl Roberts, Richard Glyn Roberts, Angela Russell, Ioan Thomas and Wendy Cleaver

**Lay Members:** Peter Barnes, Carys Edwards, Eifion Jones, Dewi Lewis, Paul Millar Mills and Rhys Parry

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

### Others invited:

Cllr Huw Wyn Jones (Cabinet Member for Finance) and Dylan Owen (Statutory Director of Social Services)

Item 15: Arwel Evans (Procurement Manager) and Iwan Evans (Head of Legal Services - Monitoring Officer)

Item 16: Yvonne Thomas and Carwyn Rees (Audit Wales)

Item 17: Siwan Glyn (Audit Wales) and Gwion Jones (Senior Accountant)

Item 18: Dewi Wyn Jones (Business Support Service Manager) and Carwyn Rees (Audit Wales)

Item 19: Alun Gwilym Williams (Assistant Head of Business)

### 1. ELECTION OF CHAIR

**RESOLVED to elect Rhys Parry as chair of this Committee for 2026 / 27**

### 2. ELECTION OF VICE-CHAIR

**RESOLVED to elect Dewi Lewis as vice-chair of this Committee for 2026 / 27**

### 3. APOLOGIES

Apologies were received from Councillor Elfed Wyn ap Elwyn

### 4. DECLARATION OF PERSONAL INTEREST

None to note

### 5. URGENT ITEMS

None to note

### 6. MINUTES

The Chair accepted the minutes of the previous meetings of this committee held on 15 January 2026 and 3 February 2026 as a true record.

## **7. 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.

In relation to the Council's Response Plan to the Our Bravery Brought Justice Report, a member asked that by approving the response plan the matter had been removed from the action sheet and how would the Committee therefore receive progress reports? The Head of Finance Department noted that the Committee members' observations had been included in a report to the Cabinet and to an extraordinary meeting of the Council and it was therefore appropriate to note that the issue had been 'deleted'. However, he highlighted that a further report had been submitted to Cabinet on 18 May 2026, 'Commissioning Investigations' and there was a need to consider which elements of that report would be appropriate for submission to the Scrutiny Committees and the Governance and Audit Committee. He stressed that there was an intention, corporately, to keep an eye on the implementation.

### **RESOLVED**

- **To accept the contents of the report**
- **That an update on a report published by Care Inspectorate Wales (CIW) and Estyn - a Joint Inspection (November 2025) be submitted to the Committee meeting in July 2026**

Note: Use the word 'implemented' rather than 'delete' in the report to highlight a more positive position

## **8. ANNUAL REPORT OF THE GOVERNANCE AND AUDIT SCRUTINY COMMITTEE 2025 / 2026**

A report was submitted by the former chair of the Committee in response to CIPFA guidance which stated that 'the committee should prepare an annual report which gives assurance to all those responsible for governance that it is delivering its purpose and can demonstrate impact'. The report covered the Committee's work over 2025/26 and highlighted how the Committee had fulfilled its statutory duties and added value to Cyngor Gwynedd governance arrangements.

The members thanked the officer for the report

During the ensuing discussion, varying opinions were presented about the significantly extensive content and it was suggested that a bullet point format could be used to make it easier to read. It was considered that including less information would spark more discussion and raise concern about what had been left out. It was agreed that, while a more concise document would be beneficial; detailed, full and transparent information had to be shared to highlight the Committee's work to the public.

### **RESOLVED:**

**To accept the contents of the report**

## **9. FINAL ACCOUNTS 2025/26 - REVENUE OUTTURN**

It was noted that the report detailed the Council's expenditure in 2025/26, the out-turn underspend or overspend position of individual departments, and the reasons for it. Reference was made to an abbreviation of the final position of all departments which highlighted the amounts to be 'carried forward' at the end of the financial year along with the main issues and areas where there were significant differences.

- Expenditure in the fields of child out-of-county placements, waste, residential care and domiciliary care had continued to exceed the budget they were allocated.
- A favourable position on several corporate budgets was helping to alleviate the financial situation for the Council as a whole by the end of the financial year.
- That £3.2 million from the Financial Strategy Fund would need to be used to balance out the departments' financial deficit situation.

Adults, Health and Well-being Department: the department's budgetary deficit had reduced to £1.4 million by the end of the financial year. The pressures on the provider services continued and was responsible for £1 million of the departmental pressure, which was mainly overspend on staffing and the use of agency staff on residential care. The pressure also continued on the residential side of Mental Health services but there had been an improvement in the financial position of older people and the Learning Disability Service. There were also savings and cuts worth £1.5 million that had not been realised.

Children and Families Department: since the November review, there had been an increase of 11 out-of-county placements, including exceptional cases of non-registered placements, which were more costly, leading to an increase in the department's financial deficit from £1.9 million to £3.4 million by the end of the financial year. There had also been increasing pressure on the Post-16 Service budget and on support plans and field workers. However, there had been a reduction in pressure on the Derwen Service which continued to overspend by £443k at the end of the year.

The Economy Department / Byw'n Iach Company: over the past few years, the Byw'n Iach company had received financial support from the Council above the contractual payment. Although the amount was lower than last year's amount, the required amount would be £269k by the end of the year.

Highways, Engineering and YGC Department; a financial deficit of £407k with a reduction in the work being commissioned by external agencies having a negative impact on the income on Highways services. In Municipal, there was a combination of additional pressures on public toilet cleaning staff budgets, while there were income losses in land maintenance and public toilets.

Environment Department; a budgetary deficit of £1.38 million at the end of the year, with a continuing trend of overspend in waste accounting for £1.26 million of the departmental position. Despite the drop in parking income deficit since last year, the deficit stood at £464k. It was reported that several savings schemes in various services worth £1.27 million were slipping. The overspend in waste was to be funded from the gains from refunding Parc Adfer and income from a levy on packaging materials for producers and retailers.

Housing and Property Department; significant pressure remained on the emergency accommodation service, with expenditure in this area at £6.1 million this year, which was consistent with 2024/25. The financial position followed an additional budget of £4.2 million allocated from the Council Tax premium and an additional one-off budget of £859k allocated as a part of the bids system to assist with the increasing pressures.

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

For many reasons, one-off underspending was reported on Corporate headings

Schools; school balances had seen a reduction of £1.2 million, with a decrease from £8.3 million in 2024/25 to £7.1 million in 2025/26. Seven primary schools and three secondary schools had been in deficit at the end of the 25/26 financial year and that the Finance Unit and the Education Department were working with the schools and governing bodies of these schools to correct the deficits.

Funds; the Council's specific funds had been reviewed at the closure of the accounts. It was reported that two virements totalling £8.1 million were to be implemented from the Financial Strategy Support Fund, with £6.5 million to increase the Council's general balances and £1.5 million to be moved to a buildings safeguarding fund relating to the Corbett Arms, Tywyn. All virements, at the close of the accounts, meant that the Financial Strategy Fund was reduced to £12.7 million by the end of the financial year.

All recommendations and financial virements had been approved by the Cabinet on 19 May 2026 and regarding the next steps, it was noted that work was underway to complete the 2025/26 statutory financial statements for Audit Wales to audit.

The members thanked the officers for the report.

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

- Of the £3.5 million savings, there was no reference to how much savings had been achieved in 2025/26 – this information would have been useful. While these amounts could not be changed, lessons must be learned from previous years.
- The settlement had been better than expected and had consequently helped to adjust the budgets of some departments that had been significantly overspending, nevertheless it would be beneficial to invite Heads of Department who regularly overspent to explain the rationale for the overspend – accountability was needed.
- Heads of Department and Managers needed to take responsibility for the overspend – needed to change the mindset of 'there will be money available' – we needed to share information and work together to improve the situation.
- Review agreements with providers – although incentives were given there was also a need to invoke penalties – suggested that there was room for improvement here by conducting a legal review.
- There was a need to invest more in the economy and bring jobs into the area
- The advent of the Small Group Homes for specialist child care was a welcome development – a means of avoiding the use of external provision and reducing costs. Welcomed that two homes, accommodating 2 children in each home, were already operational and a third was on the way in 2026/27.
- Welcomed an increase in reserve balances – there was a need to try to keep the balance at least 2.5% at the end of the year and not to be tempted to use it to help in a crisis. Welcomed that the situation has been reviewed and the level of emergency use had risen.
- That 'money that had been spent, but was not visible' needed to be highlighted, e.g., the legal costs of Article 4. A significant amount of money had been lost here due to carelessness. Were there other amounts being hidden within budgets?

In response to a question about Byw'n Iach's relationship with Cyngor Gwynedd and why the Council had subsidised the company significantly over recent years and continued to do so, it was noted that Byw'n Iach was an arm's length company originally set up to save business tax for the Council. During covid, the use of leisure centres decreased tremendously and the situation to date had not been fully recovered. Cyngor Gwynedd was the owner of Byw'n Iach

and although the company had not performed within the fee of the original agreement (namely a fee paid by the Council to Byw'n Iach to run the company on its behalf), the business tax benefits still existed.

In response to a question about seven primary schools and three secondary schools with a deficit at the end of the 2025/26 financial year and the scale of the problem, it was noted that the three secondary schools had a deficit of between £7,000 and £786,000 (£1 million in total) and the scale of the primary schools deficit was between £11 and £1,700 (£80,000 in total) – varied from school to school depending on the circumstances. It was reiterated that both the Education and Finance Departments were working together to discuss the largest deficits. It was questioned how the deficit of one secondary school was £786,000 - how was the debt so big? And why was there no control over the spending?

In response to a question regarding which Department's budget was responsible for purchasing houses specifically for the provision of child placements (Small Group Homes), it was noted that the costs fell under the Children and Families Department, but that a grant had also been received towards the cost of purchasing the houses. It was reiterated that there were additional costs during the transitional period of not using external provision and opening the Small Group Homes.

It was reiterated that Audit Wales would be submitting two reports to the Committee in the near future, relating to issues relevant to the above - 'Report on Children's Services' and 'Local Government Funding'.

**RESOLVED:**

- **To accept the report and note the relevant risks**
- **To invite the Heads of those Departments that were overspending to the Committee to report on the overspend**
- **That a report be submitted to the committee on the legal costs of Article 4**

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

The Assistant Head of Finance - Accountancy and Pensions highlighted that the main purpose of the report was to submit the amended capital programme at the end of the financial year (situation as at 31/03/2026) and approve the relevant funding sources. The report had been submitted to Cabinet on 19 May 2026 where all recommendations were approved. The Committee was asked to accept the information and consider the risks relating to the capital programme.

Reference was made to a Departmental breakdown of the £164.9 million capital programme for the 3 years 2025/26 - 2027/28 along with the sources available to fund the net increase of approximately £12.7 million since the last review.

The main conclusions of the review: the Council had successfully spent £83.8 million in 2025/26 on capital schemes, of which £52.7 million (63%) was funded through specific grants.

It was explained that an additional £21.9 million of proposed expenditure had been re-profiled from 2025/26 to 2026/27 and 2027/28 and the main schemes that had slipped since the original budget included:

- £10.9 million School Schemes (Sustainable Learning Communities and Others)
- £6.1 million Shared Prosperity Fund Schemes
- £3.2 million Carbon Management and Solar Panels Schemes
- £3.2 million Vehicle and Equipment Renewals

In addition, the Council had managed to attract further grants since the last review, which included:

- £3.2 million - Transitional Accommodation Capital Programme (TACP) grant from the Welsh Government.
- £2.4 million – Additional School Maintenance Grant 2025/26.
- £2.3 million – Additional General Capital Grant from the Welsh Government.
- £1.8 million – Grant from the Welsh Government towards the Learning Disability Community Hub, Canolfan Dolfeurig.

Reference was made to the information about the Council's Capital Prudential Indicators, and it was highlighted that the Council had complied with the policy on borrowing for capital purposes.

The members thanked the officer for the report

In response to a question about the diversity of grants available to departments and that this tended to be uneven with some Council departments receiving grants more easily than others, it was agreed that some departments were successful in some specific areas and it was noted that an element of the applications was dependent on what was available and what the Government invited. It was reiterated that there was an element of risk with some grants as they did not always align with the Council's priorities and that the capital programme reflected those priorities.

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

- Why create a competition for a grant? Wouldn't it be better for the Government to give the money to the Councils in the first place?
- It was important that all departments applied for the grants available
- The grants received for capital schemes were to be welcomed – it was good news and benefitted work and employment in the County

**RESOLVED:**

**To accept the information and note the risks relating to the capital programme**

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

The report was submitted by the Assistant Head of Finance - Accountancy and Pensions. It was explained, in accordance with the statutory requirements under the Harbours Act 1964, as a harbour authority, that Cyngor Gwynedd was required to provide an annual accounts statement relating to the activities of Gwynedd harbours. As the turnover of the harbours was below £2.5m, it was deemed to be a smaller local government body, and therefore an annual return provided by Audit Wales had to be prepared in accordance with statutory requirements.

Reference was made to the out-turn report, which clarified the Harbours' final income and expenditure position for 2024/25, and highlighted that there was £22k underspend at the end of the year. Of this amount, a number of budget headings were reported to be underspending and contributing to the situation which included employment costs (£500), Property Department maintenance (£16k) and the Specialist Equipment Survey budget (£8k); they also exceeded fees and rents for the year by almost (£7k). In the context of overspending, which had led to a reduction in underspend, there were costs related to electricity, equipment, signage and warnings.

Reference was made to a one-off expenditure of £42k on Porthmadog Harbour Office which had been financed by funds.

Attention was drawn to the standard form of the external auditors together with the Annual Governance Statement, which ensured a robust internal control system. It was highlighted that the accounts had already been subject to an internal audit and had now been sent to Audit Wales for inspection. It was reiterated that a revised version would only be submitted to the Committee in September if changes needed to be implemented following the audit.

The members thanked the officer for the report.

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

- That staff training costs appeared high
- Given the use of the Harbours, they should be making money
- The performance of each harbour could not be scrutinised individually – this was a composite report

#### **RESOLVED:**

**To accept the report**

**To approve:**

- **Revenue Income and Expenditure Account 2025/26**
- **The Annual Return for the year ending 31 March 2026, subject to audit by Audit Wales**
- **The Chair to sign the form electronically**

## **12. TREASURY MANAGEMENT QUARTERLY UPDATE**

A report was submitted by the Investment Manager reporting that the Treasury Management Strategy for the year 2026/27 had been approved at the Full Council meeting in March 2026. It was noted that the strategy required the Investment Manager to report on treasury management prudential indicators every quarter with a review of the full financial year to also be submitted to the Committee when timely.

It was explained that the report before the committee provided an update on the period up to 31.12.2025.

It was reported that the period had been stable with the Council having invested money and generated significant interest income; the position on 31 December 2025 was very strong with the Council in a net investment position due to the high level of investments and operational capital, which also included Pension Fund funding. It was noted that since 31 March 2025 it had been decided to repay a historical loan of £16.2m from the bank due to favourable terms and the Strategy enabled the Council to reduce net borrowing costs (despite lost investment income) and reduce the Council's overall treasury risk.

Reference was made to the Prudential Indicators with particular emphasis on the Commitments Benchmark. It was explained that the Council expected to continue to borrow above its Benchmark up to 2026, because the Council held reserve funds with the cash flow, so far, lower than the projections made when the money had been borrowed. By 2027, it was projected there would be a very small amount of borrowing at the end of the financial year and therefore it would be possible to finance this through short-term borrowing and there would be no need for long-term borrowing based on current projections.

It was noted that all activities fully complied with the CIPFA code of practice.

The members expressed their thanks for the report.

#### **RESOLVED**

## **To accept the report and note the information**

### **13. OUTPUT OF THE INTERNAL AUDIT SECTION**

In accordance with the requirements of Global Internal Audit Standards (GIAS), Standard 11.3 Communication of Results, which noted that "the chief audit executive must communicate the results of internal audit services to the board (Governance Committee) and senior management from time to time and for each audit as appropriate", a report was submitted by the Audit Manager updating the Committee on the internal audit work for the period from 26 January 2026 to 31 March 2026. It was highlighted that 12 of the audits in the existing plan had been completed and given a high assurance level; adequate or restricted.

Each audit was referred to in turn and Members were given an opportunity to question or comment on the findings.

The members thanked the officer for the report

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

- School Transport Follow-up - adequate assurance level. Although the audit related primarily to financial matters, consideration needed to be given to the safeguarding element and school objectives such as attendance and safe arrival / departure from the premises. There was a need to ensure that there was no deviation from established arrangements to achieve other objectives.
- Breakfast Club Follow-up - limited assurance level. Concern about a lack of consistency of information related to allergies that could lead to a serious issue. Needed assurance that the actions were robust enough.
- Fire Arrangements - adequate level of assurance. That actions needed to be followed up and ensure they were completed – this was crucial to worker safety
- Deprivation of Liberty Safeguards (DoLS) – a limited level of assurance. Despite an improvement in the procedure, a lack of guidance from Deprivation of Liberty Safeguards measures led to an increase in the completion of applications / assessments.
- Fleet - Fuel Consumption - limited assurance level. The current fleet system did not appear to be fit for purpose, and therefore the arrangements needed to be revisited. It was difficult to understand that there was no system for sharing vehicles between departments or a means of identifying which department owned which vehicle. The Council's fleet as a whole needed to be looked at.
- Category Management - Environment Follow-up - limited assurance level. It was proposed and seconded that a report providing an update on the work of the Category Team be submitted to the Committee so that Members received information on how the Team prioritised value for money and keeping the benefit local.

It was proposed and seconded to hold an improvement working group to consider in greater detail some of the above-mentioned matters.

### **RESOLVED**

- **To accept the report and support the actions that have already been agreed with the relevant services - a specific request to revisit Fleet - Fuel Consumption arrangements.**
- **To call in School Transportation, Breakfast Clubs and Fire Arrangements before the Service Improvement Working Group to examine the concerns in greater detail.**

- To nominate Rhys Parry (Chair), Dewi Lewis (Vice-chair) and Councillors Richard Glyn, Menna Baines and Ioan Thomas, as members of the Working Group
- That a report on Category Management – Environmental is to be submitted to the Committee

#### 14. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025-2026

The report of the Audit Manager was submitted, expressing Internal Audit's view of the general management environment within the Authority during 2025/26 providing an annual conclusion on the overall adequacy and effectiveness of the Authority's Governance, risk management and internal control framework. It was noted that, overall, on the basis of the work completed during the year, the Council's arrangements operated at a level that provided reasonable assurance of their adequacy and effectiveness and that this view was based on a wide range of audits across Council services, together with relevant evidence from other sources of assurance, including the work of external regulators.

However, reference was made to several overarching management themes that had emerged. In particular, inconsistency in the implementation of controls, lack of managerial oversight in some areas, and weaknesses in the recording and documentation of processes and decisions. It was reiterated that some services also faced challenges in terms of capacity and resources, which could affect the ability to operate controls on a consistent basis – a significant proportion of audits having received "Limited" assurances during the year. While this did not undermine the overall conclusion of reasonable assurance, it clearly highlighted the need for a sustained corporate focus on strengthening internal controls and ensuring consistency across Council services.

In the context of performance, 88% of the audit plan was completed, which was slightly below the target of 95%. In addition, approximately half of the audits received assurance of "Adequate" or better – these results were consistent with the management issues identified and showed that there was room for improvement in the strength and consistency of controls.

Looking ahead to 2026/2027, it was reported that the performance measures had been reviewed to ensure they better reflected the impact and value of the Internal Audit service. It was noted that the service intended to move towards a more balanced approach to audit with greater emphasis on the efficiency of the service, the quality and impact of the work, and the relevance of the work to the Council's strategic risks. As a result, two key new measures would be introduced;

- measuring productive hours as a percentage of available time gave a better understanding of how we used the service's resources. This would help the service to identify any inefficiencies and ensure that they were using the audit team's capacity in the most effective way.
- a measure around strategic and corporate risks in the audit plan which would ensure that their work was more strongly focused on the areas that were most critical to achieving the Council's objectives. This would mean that the service aligned its work more closely with the corporate risk register and the Gwynedd Plan Priorities and Ambitions and highlighted more clearly how Internal Audit provided assurance over the most significant risks.

It was considered that this would give the Committee greater transparency and enable it to scrutinise not only how much work was being completed, but also how effectively that work supported governance and risk management.

It was reiterated that the Council continued to operate on a sound footing in terms of governance, risk management and internal controls, but that further improvements were

needed to strengthen consistency and effectiveness across services. It was considered that the new performance measures would support this by essentially ensuring that the work of Internal Audit continued to develop as a value-adding function, focusing on the risk areas that were most important to the Council.

The members thanked the officer for the report

In response to a question on the detailed work and the good results of the Unit despite a low number of staff, and whether any news of progress or work had been done to meet these staffing levels, it was noted that a bid for an apprentice for the Unit had been successful as part of Cyngor Gwynedd's Apprenticeship Scheme.

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

- Grateful for the work which contributed greatly to the Council's governance responsibilities
- That the Unit was supportive of the departments – highlighted shortcomings and offered guidance
- That the information presented to Councillors was clear and honest

**RESOLVED:**

**To accept the report in accordance with the requirements of the Public Sector Internal Audit Standards for the 2025/26 financial year.**

**15. PROCUREMENT THRESHOLDS AND AMENDMENTS TO THE CONTRACTS PROCEDURE REGULATIONS**

Arwel Evans (Procurement Manager) and Iwan Evans (Head of Legal Services - Monitoring Officer) were welcomed to the meeting.

A report was submitted setting out the need to review the Council's tender and quotation thresholds in light of the change to national contracting and procurement legislation and a significant increase in the prices of goods and services due to inflation. It was explained that the current procurement thresholds had been in place since 1996 and that since then prices and inflation had increased by an average of around 3% per annum. Although neither the Welsh Government nor the Welsh Local Government Association intended to harmonise thresholds across Local Authorities, information was presented to Members about the thresholds of North Wales Councils.

Reference was also made to the National Procurement Regulations setting out minor technical changes to the regulations for the purpose of raising awareness of the value of the contract where it was necessary to publish a contract details notice and include a consultation condition to ensure compliance and appropriate use of the arrangements. It was reiterated that these changes would be implemented by the Legal Services.

The Committee was asked to support the increase in the thresholds and recommend that the Full Council approve amendments to the National Procurement Regulations.

**RESOLVED**

- **To accept the report**
- **To support changes to the Procurement Thresholds**
- **To recommend that the Full Council approve Amendments to the Constitution - Section 17: Contracts Procedure Regulations**

## **16. AUDIT WALES – CYNGOR GWYNEDD ANNUAL AUDIT SUMMARY 2025 AND DETAILED AUDIT PLAN 2026**

Yvonne Thomas and Carwyn Rees (Audit Wales) were welcomed to the meeting to present the reports

- a) Submitted - an Annual Audit Summary 2025 summarising the main findings of the 2025 audit work which was part of the duties of the Auditor General, together with the Audit of the Accounts, audit of appropriate arrangements to ensure that resources were used prudently, efficiently and effectively and complying with the sustainable development principles.

Attention was drawn to the findings of the 'Commissioning Arrangements' and 'Strategic use of Reserves' reviews as well as the national reports and outputs published during the year.

- b) Cyngor Gwynedd's Detailed Audit Plan 2026 was submitted which highlighted Audit Wales' Statement of Responsibilities. In the context of the materiality of financial statements, the levels of materiality (planning, performance and reporting threshold) and significant financial statement risks were highlighted noting that the 'risk of management override' was a mandatory risk that appeared in all audit plans.

Audit Wales intended to present the findings of the financial statements to the Governance and Audit Committee in September 2026 (had been moved forward one month to return to a pre-covid timeframe).

In the context of proposed performance audit work, three specific areas were highlighted to fulfil the 2026/27 duties namely Risk Management Arrangements, Project Outcomes Effectiveness and Council Tax Collection.

The total estimated fee for the 2026 work would be £429,346. It was noted that Audit Wales was not entitled to make a profit and therefore any difference in fees would be refunded.

The officers were thanked for their reports and it was welcomed that the Auditors saw the need to consider risk and opportunities when completing audits.

### **RESOLVED:**

**To accept the reports**

## **17. GwE JOINT COMMITTEE – AUDIT PLAN 2026**

The Assistant Head of Finance - Accounting and Pensions (Cyngor Gwynedd) explained that Cyngor Gwynedd, as the host Council, had been responsible for undertaking accounting responsibilities and reporting on the financial matters of the GwE Joint Committee. GwE ended on 31 May 2025, and as the GwE Joint Committee had expired, the arrangement decided was for the April and May accounts relating to 2025/26, to be submitted to the Governance and Audit Committee, as the position for the year was finalised. It was noted that the accounts had been subject to an audit by Audit Wales.

On behalf of Audit Wales, Siwan Glyn noted that the level of relevance was appointed to try and acknowledge and correct misstatements that could otherwise mislead those who used the accounts. A planning relevance level of £33,000 was determined for the 2025/26 audit based on the 2025/26 draft financial statements (calculated as 5% relevance).

Attention was drawn to the auditors' risk schedule which highlighted how they were addressed as part of the audit. It was reported that because the Joint Committee had ended in its current form at the end of May 2025 with services being transferred back to the Local Authorities, there was a risk that the financial statements had not been prepared on an appropriate basis and were not accurate or complete and did not adequately explain the end of the Joint Committee and the transfer of services. It was accepted that this was an unusual situation that could lead to a possible misstatement. It was reiterated that the 'risk of management override' was a mandatory risk that appeared in all audit plans.

Reference was made to the audit schedule of the financial statements and to the estimated completion fee for the work.

The members thanked the officer for the report

**RESOLVED:**

**To accept the report**

## **18. AUDIT WALES REPORTS**

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

Yvonne Thomas and Carwyn Rees (Audit Wales), and Dewi Wyn Jones (Business Support Service Manager) were welcomed to the meeting.

- a) *The Building Blocks? Capital Planning in Councils in Wales* report was submitted by Audit Wales highlighting findings of a national audit undertaken to look at how Councils planned their capital expenditure with a focus on the Councils' annual capital programme and capital strategies. The importance of the work was outlined as Councils provided a significant number of new assets each year for their areas seeking to strike a balance between delivering value for money, choosing to maintain older assets or build from scratch, or investing in assets that were unfit for purpose.

A document with Cyngor Gwynedd's response was submitted which outlined what the Council intended to do to respond to Audit Wales' recommendation. The Head of Finance stated that he welcomed the report and that while he was comfortable with the Council's current capital arrangements, this was a good opportunity to review and provide an overview of them. He added that as with any capital programme the cycle was a slow one and therefore it was likely that the work would be completed towards the end of the year.

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

- Outlined the importance of having a property register to weigh up and measure use and maintenance costs
- Needed to ensure that an Asset Management Plan was in place and up to date
- Further discussions were needed to discuss the significant funding and costs required to improve / maintain property
- The Council's Property Register needed to be reviewed

- b) *The Additional Learning Needs (ALN) - Do public bodies know if the system is working?* report was submitted by Audit Wales highlighting findings of a national audit carried out to look at whether the Welsh Government and Councils understood the demand, capacity and skills of the workforce, costs and outcomes where ALN was in question. The recommendations had been submitted to the Welsh Government in its role as an enabler

of change at a national level, and therefore a general response was not to be expected from Cyngor Gwynedd.

The officers were thanked for the reports

## **RESOLVED**

- **To accept both national reports**
- **To accept the Council's response to the recommendation in The Building Blocks? Capital Planning in Councils in Wales report – 'Councils should review their capital planning arrangements in order to identify and implement opportunities for improvement'.**

Note: Request to submit Cyngor Gwynedd's Asset Management Plan to the Committee

## **19. SPECIAL AUDIT REPORT UPDATE - DOMICILIARY CARE**

Following on from the findings of an Internal Audit special audit commissioned by the Chief Executive into domiciliary care in Cyngor Gwynedd, an update was received from the Head of Adults, Health and Well-being Department on the detailed work programme that had been drawn up to prioritise and strengthen the domiciliary care provision at the February 2025 Committee meeting. Following the update, Members had requested a further update from the Department in 12 months' time on the progress and success of the work programme.

Alun Gwilym Williams (Assistant Business Head of Adults, Health and Well-being Department) was welcomed to submit the update. Reference was made to the successes and advancements of the work programme as well as the challenges facing the service.

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

- The team were congratulated for their work – the findings were damning and therefore it was important to acknowledge the response
- There had been noticeable progress in the work, the situation was being appropriately addressed and was improving
- Despite a reduction in block hours that did not go to direct care, the number of hours here remained high – was there a specific timetable for this work?
- Wage levels needed to be reviewed – better wages were available in other sectors. There was a need to harmonise wages if Cyngor Gwynedd was to continue to offer standard care.

In response to the above observation about a reduction in block hours, it was highlighted that the service would not be in a position to be able to reach a point where all block hours went to direct care (this was the principle of the model, flexibility etc) but would clearly continue to work with providers to bring these hours down further.

In response to a question about existing domiciliary care contracts expiring in October 2027 and whether work was being done to review lessons learned from the old system before drawing up new agreements, it was noted that discussions were taking place with domiciliary care users and their families, staff, providers and stakeholders to ensure a better model for the future. It was reiterated that discussions were also taking place with other Councils who had piloted similar models, to ensure a more effective model for Gwynedd.

In response to a question about how the service was approaching staff recruitment and retention, with some areas suffering more than others, it was noted that the challenge of recruitment was a significant one across the sector. He reiterated that despite efforts locally and the development of a Care Academy in Gwynedd, the appointments did not meet the demand and that plans were underway to address a national challenge here. In response to

a supplementary question about the effects of the government's decision to stop recruiting care workers from overseas, they noted the hope of seeing changes to the system by 2028 – that recruiting workers from abroad was an effective means of maintaining care.

They were thanked for the update.

**RESOLVED**

- **To accept and note the progress to the Council's Domiciliary Care arrangements**
- **That a further update is needed in six months' time on the progress and success of the work programme**
- **To look at reconciling salaries across all sectors - this is crucial if Cyngor Gwynedd is to continue to offer quality care**

**20. THE GOVERNANCE AND AUDIT COMMITTEE'S FORWARD PROGRAMME**

A forward programme of items for the Committee's meetings until May 2027 was submitted.

**RESOLVED:**

- **To accept the work programme for May 2026 – May 2027**
- **To add the Asset Management Plan and Category Management – Environment to the work programme**

The meeting commenced at 10:00 and concluded at 13:15

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**CHAIR**

# Agenda Item 5

COMMITTEE	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE	<b>9 JULY 2026</b>
TITLE	<b>IMPELEMENTING THE DECISIONS OF THE COMMITTEE</b>
PURPOSE OF REPORT	<b>TO PRESENT AN UPDATE ON IMPLEMENTING THE COMMITTEE'S PREVIOUS DECISIONS</b>
AUTHOR	<b>DEWI MORGAN, HEAD OF FINANCE</b>
ACTION	<b>FOR INFORMATION</b>

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## **1. INTRODUCTION**

- 1.1 The purpose of this report is to outline how Council departments have responded to the decisions of the Governance 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 16 January 2025

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
<p>WALES AUDIT OFFICE REPORTS – ‘LOCAL GOVERNMENT FINANCIAL SUSTAINABILITY’ AND ‘FINANCIAL SUSTAINABILITY REVIEW – CYNGOR GWYNEDD’</p>	<ul style="list-style-type: none"> <li>• To accept the National and Local reports</li> <li>• To accept the Council’s response to the recommendations</li> </ul>	<p>Following the receipt of CIPFA support and guidance, a Work Programme for the response is to be presented to the Committee by March 2026.</p> <p>Performance reports will be submitted to Scrutiny Committees to demonstrate that statutory requirements are being addressed</p>	<p>Head of Finance</p>	<p>The report's recommendations have been taken into account in the review of the Medium-Term Financial Plan. That will be reviewed over the next few months and an update to the CATC will be presented to the September 2026 meeting of the Committee, which will address remaining issues.</p>	<p style="text-align: center;"><b>No</b></p>

**Meeting of 6 February 2025**

<b>Item:</b>	<b>Decisions / Observations:</b>	<b>Actions:</b>	<b>Responsible Officer:</b>	<b>Update or Completion Date:</b>	<b>Can be removed from the Action Sheet?</b>
SPECIAL AUDIT REPORT – HOME CARE	<ul style="list-style-type: none"> <li>• Accept and note progress against the findings of the Internal Audit review and the Council’s Home Care arrangements</li> <li>• Welcome the comprehensive Work Programme in place to improve provision</li> <li>• A further update is required in 12 months on the progress and success of the work programme</li> </ul>	Present 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, Assistant Head of Business	An update was presented to the Committee at its meeting on 21 May 2026. The decision at that meeting (see below) supersedes this decision.	<b>Yes</b>

Meeting of 15 January 2025

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
COUNCIL TAX REDUCTION POLICY UNDER SECTION 13A(1)(C) OF THE LOCAL GOVERNMENT FINANCE ACT 1992	<ul style="list-style-type: none"> <li>• Accept the report, noting the position and relevant risks</li> <li>• Welcome the Cabinet’s decision to approve the Policy</li> <li>• Welcome that the Policy is under continuous review and can be adapted in response to any legislative changes or changes in circumstances</li> </ul>	Reword paragraph 3.3 of Appendix 2 – Equality Impact Assessment to strengthen the statement Add sustainable tourism as a priority area to paragraph 4.5 of the Cabinet Report	Assistant Head of Finance – Sustainability and Developments, Taxation Manager	These points will be given consideration when the Policy is reviewed	<b>No – to be retained until the Policy has been formally reviewed</b>

Meeting of 3 February 2026

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed 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"> <li>• Accept a report from the Head of Finance outlining the position and potential risks</li> <li>• Need assurance that the work required of Internal Audit continues to be of a high standard</li> </ul>	Head of Finance	The service has been successful in appointing an apprentice who will start with the service at the end of July. Comparative data has not yet been obtained so the situation will be considered in September, when the bidding process opens for 2027/28.	<b>No</b>
BUDGET 2026/27	<ul style="list-style-type: none"> <li>• Accept the report, noting its contents</li> <li>• Accept the financial propriety of the proposals and the associated risks</li> <li>• Submit comments from the discussion for the Cabinet to consider when discussing and approving the 2026/27</li> </ul>	<p><b>Capital bids list</b></p> <ul style="list-style-type: none"> <li>• Scheme to extend the Ysgol y Faenol car park. Request from the Local Member for further details regarding the reasons for the time slippage (original date 2021) and the costs</li> </ul>	Head of Finance	The budget was presented to the Cabinet on 10 February and approved by the Full Council on 5 March.	<b>No</b>

	<p>Budget at its meeting on 10/02/26</p> <ul style="list-style-type: none"> <li>• Thank the Finance Department for the thorough work in preparing the Budget</li> <li>• Overspending position is a concern</li> <li>• Concern that reserves are decreasing – welcome the harvesting exercise</li> </ul>	<p>associated with the delay</p> <ul style="list-style-type: none"> <li>• Suggestion to present Council Tax information in monetary (£) terms rather than percentages (%) only</li> <li>• Statement by the Finance Officer: ‘it is inevitable that the budget contains an element of risk from assumptions’ ... are there plans in place should there be a decrease in premium housing income but an increase in demand for house building?</li> </ul>			
BUDGET 2026/27 (continued)	<ul style="list-style-type: none"> <li>• Development plans / improvements to Residential Care provision in Gwynedd – request that the findings of the Housing LIN Wales investigation be presented to the Committee</li> </ul>		Assistant Head – Business and Commissioning	It is premature to present an update on the Housing LIN Wales report at this meeting; it is intended to present it at one of the autumn meetings.	<b>No</b>

INTERNAL AUDIT PRODUCT	<ul style="list-style-type: none"> <li>• Accept the report and support the actions already agreed with the relevant services</li> <li>• As a result of a lack of improvement in the residential care sector in terms of suitable arrangements for the proper management of homes and a lack of compliance with management processes, the Committee requires assurance that Internal Audit observations are being considered. The situation requires further attention</li> </ul>		Audit Manager	Further reviews of residential homes are included in the Internal Audit work programme	<b>Yes</b>
INSPECTION REPORT ESTYN AND CARE INSPECTORATE	<ul style="list-style-type: none"> <li>• Accept the report</li> <li>• Note that four of the recommendations correspond to work programmes already included in the response plan to the <i>“Our Bravery Brought Justice”</i> report</li> <li>• Note that two of the recommendations were not included in the</li> </ul>		Statutory Director of Social Services, Head of Education	An update is included under a separate item on the agenda for this meeting	<b>Yes</b>

	<p>response plan but have now been incorporated and are receiving appropriate attention</p> <ul style="list-style-type: none"> <li>• Appreciate follow-up / progress reporting on responses to the recommendations</li> <li>• Disappointed that there was again no acknowledgement by Estyn of shortcomings in their inspection of the Council's safeguarding arrangements in June 2023</li> </ul>				
<p>WALES AUDIT REPORTS – TEMPORARY ACCOMMODATION, A LONG-TERM EMERGENCY?</p>	<ul style="list-style-type: none"> <li>• Accept the Wales Audit Office National Report</li> <li>• Accept the Council's organisational response to the recommendations: -A1 Value for Money -A2 Planning for Prevention -A3 Partnership Working</li> <li>• Welcome the good work being undertaken by the Homelessness Unit</li> <li>• Request a report providing an update on</li> </ul>	<ul style="list-style-type: none"> <li>• Request a report providing an update on the pilot work being undertaken by the Council to bring empty homes back into use</li> <li>• Receive an update on the progress of the organisational response plan</li> </ul>	<p>Head of Finance</p> <p>Homelessness and Support Manager, Assistant Head of Business</p>	<p>An update on all the actions will be presented in September 2026</p>	<p><b>No</b></p>

	<p>the pilot work being undertaken by the Council to bring empty homes back into use</p> <ul style="list-style-type: none"><li>• Receive an update on the progress of the organisational response plan</li></ul>				
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Meeting of 21 May 2026

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
IMPLEMENTATION OF COMMITTEE DECISIONS	<ul style="list-style-type: none"> <li>An update to the Committee on a report published by Care Inspectorate Wales and Estyn – Joint Inspection (November 2025) to be presented to the July 2026 meeting</li> <li>Use the words ‘implemented’ rather than ‘deleted’ in the report to present a more positive position</li> </ul>	Accept the contents of the report	Statutory Director of Social Services, Head of Education  Head of Finance	An update is included under a separate item on the agenda for this meeting  The report has been amended for this meeting	<b>Yes</b>
FINAL ACCOUNTS 2025/26 – REVENUE OUTTURN	<ul style="list-style-type: none"> <li>Receive the report and note the relevant risks</li> </ul>	<ul style="list-style-type: none"> <li>Invite the Heads of those Departments that are overspending to the Committee to report on the overspend</li> </ul>	Head of Finance	These reports will be scheduled during the year as appropriate	<b>No</b>

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
		<ul style="list-style-type: none"> <li>That a report be submitted to the Committee on Article 4 legal costs</li> </ul>			
INTERNAL AUDIT OUTPUT	<ul style="list-style-type: none"> <li>Accept the report and support the actions already agreed with the relevant services – with a specific request to revisit the Fleet Fuel Usage arrangements</li> <li>Refer the matters of School Transport, Breakfast Clubs and Fire Arrangements to the Service Improvement Working Group for more detailed consideration of the concerns</li> <li>Nominate Rhys Parry (Chair), Dewi Lewis (Vice-chair), together with Councillors Richard Glyn, Menna Baines and Ioan</li> </ul>	<ul style="list-style-type: none"> <li>Received without objection</li> </ul>	Audit Manager	An update will be presented following the Control Improvement Working Group	<b>No</b>

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
	<p>Thomas as members of the Working Group</p> <ul style="list-style-type: none"> <li>• That a report on Category Management – Environment be presented to the Committee</li> </ul>				
WALES AUDIT OFFICE REPORTS	<ul style="list-style-type: none"> <li>• Accept the national reports</li> <li>• Accept the Council’s response to the recommendation in the report <i>“Building Blocks? Capital Planning in Welsh Councils”</i> – <i>‘Councils should review their capital planning arrangements in order to identify and implement opportunities for improvement’</i></li> </ul>	<ul style="list-style-type: none"> <li>• Request to present an Asset Management Plan to the Committee</li> </ul>	Senior Executive Manager	Update will be presented following a review of the Asset Management Plan, during 2027	<b>No</b>
SPECIAL AUDIT REPORT UPDATE – HOME CARE	<ul style="list-style-type: none"> <li>• Accept and note progress on the Council’s Home Care arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Received without objection</li> </ul>	Assistant Head – Business and Commissioning	Further Update in six months (January 2027).	<b>No</b>

Item:	Decisions / Observations:	Actions:	Responsible Officer:	Update or Completion Date:	Can be removed from the Action Sheet?
	<ul style="list-style-type: none"> <li>• A further update is required in 6 months on the progress and success of the work programme</li> <li>• That there's a need to look at standardizing pay across every sector – this is key if Gwynedd Council wants to keep offering quality care</li> </ul>				
COMMITTEE FORWARD PROGRAMME	<ul style="list-style-type: none"> <li>• Accept the work programme for May 2026 – May 2027</li> <li>• Add the Asset Management Plan and Category Management – Environment to the work programme</li> </ul>	<ul style="list-style-type: none"> <li>• Accept without objection</li> </ul>	Head of Finance	The forward programme, which is a separate item on the Committee's agenda, has been updated to reflect the request.	<b>Yes</b>

### **3. RECOMMENDATION**

#### **3.1 The Governance and Audit Committee is asked to:**

- **Consider the contents of the action schedule above and offer comments**
- **Agree to remove from the schedule those items identified as suitable for deletion**

# Agenda Item 6

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	9 JULY 2026
TITLE	CYNGOR GWYNEDD'S ANNUAL GOVERNANCE STATEMENT FOR 2025/26
PURPOSE OF REPORT	TO PRESENT THE ANNUAL GOVERNANCE STATEMENT (INCORPORATING THE STATUTORY STATEMENT ON INTERNAL CONTROL) FOR 2025/26 TO THE GOVERNANCE AND AUDIT COMMITTEE FOR APPROVAL
AUTHOR	DEWI MORGAN, HEAD OF FINANCE
ACTION	TO APPROVE THE STATEMENT SO THAT IT CAN BE SIGNED BY THE COUNCIL LEADER AND THE CHIEF EXECUTIVE

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## 1. BACKGROUND

1.1 There is a statutory requirement for an Annual Governance Statement as a result of:

- The Accounts and Audit (Wales) Regulations 2014, which state:

**The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk, and adequate and effective financial management.**

**The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control. The findings of the review must be considered by the members of the body meeting as a whole or by a committee.**

**Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices. The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.**

- CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (the "SORP").
- CIPFA / SOLACE Framework *Delivering Good Governance in Local Government (2016)*.

## 2. SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE GOVERNANCE ARRANGEMENTS

2.1 The Governance and Audit Committee has a key function in challenging the preparation procedures and the contents of the draft Annual Governance Statement. When signing the Governance Statement, the Chief Executive and Council Leader confirm:

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

2.2 The Annual Governance Statement summarises the results of the governance self-assessment, as updated by the Governance Group, in a statement that tells the People of Gwynedd what our governance framework is, and how well it is working. The members of the Group are the Chief Executive, the Monitoring Officer, the Section 151 Officer, the Head of Corporate Support, Assistant Head of Finance, the Risk & Insurance Manager and the Council Business Service Support Manager.

2.3 The Governance and Audit Committee needs to satisfy itself that the narrative justifying the scores is a fair reflection of the Council as far as it is aware, based on the information that it has received over the year.

### 3. IDENTIFYING GOVERNANCE RISKS

3.1 The Annual Governance Statement is based on the CIPFA/Solace Framework that was published in 2016, along with an Addendum which was published in 2025.

3.2 The new Framework identifies 7 Core Principles for Good Governance:

#### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

#### **B. Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

#### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

## **F. Managing risks and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Source: CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*

3.3 The Principles are then divided further into several sub-principles.

3.4 In response to the Framework, the Governance Group has considered the Framework's Core Principles and Sub-principles and has created a Governance Risk Register, which is part of the Council's Corporate Risk Register. The Governance Risk Register identifies risks in 24 areas of governance, noting the controls that the Council has in place to mitigate these risks.

3.5 Specific responsibility for these risks have been distributed across the Council as follows

<b>Department</b>	<b>Number of risks</b>
Corporate Support	6
Finance	3
Housing and Property	1
Leadership Team and Legal	14
<b>Total</b>	<b>24</b>

3.6 The relevant department is responsible for assessing these risks continuously, with the Governance Arrangements Assessment Group keeping an overview of them.

3.7 As is usual in risk management arrangements, consideration is given to two factors when scoring the size of these risks:

- The **Impact** of the event if the risk were realised
- The **Likelihood** of the risk being realised.

3.8 The Impact and Likelihood are given a score of 1 to 5, using the following scoring guidelines.

**Impact**

Score	Impact	Definition
5	Catastrophic	A <b>catastrophic</b> effect on any resident (e.g. loss of life) or a destructive effect on the life or well-being of many residents
4	Destructive	A <b>destructive</b> effect on the life or well-being of several residents (e.g. where the quality of life or the well-being of someone has been effected to the degree that they have an intense need for assistance to allow them to live their lives) or a <b>very substantial</b> effect on many residents
3	Very Substantial	A <b>very substantial</b> effect on the life or well-being of several residents (e.g. the effect means that their quality of life or well-being is substantially lower than would otherwise be expected for a Gwynedd resident) or a <b>significant</b> effect on a many residents
2	Significant	A <b>significant</b> effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a <b>visible</b> effect on many residents
1	Visible	A <b>visible</b> effect on the life or well-being of some residents (e.g. the effect is visible but not significant to their well-being) or a <b>marginal</b> effect on many residents

- Several = 10s to 100s of residents
- Many = 1,000s to 10,000s of residents

**Likelihood**

Score	Likelihood	Definition
5	Happening now	The effect is to be seen now (i.e. it is happening)
4	Very likely	Very likely that it will be seen in the foreseeable future
3	Likely	A chance it may happen, but may not
2	Unlikely	The likelihood of it happening is low – but is still there
1	Very Unlikely	Very unlikely to happen

3.9 The Impact Score and Likelihood Scores are multiplied together to give a **Current Risk Score**, which are the risk scores based on the controls that are currently in place. The Risk Score is defined from very high to low as follows:

<b>Score 20-25</b>	<b>Very High Risk</b>
<b>Score 12-16</b>	<b>High Risk</b>
<b>Score 6-10</b>	<b>Medium Risk</b>
<b>Score 1-5</b>	<b>Low Risk</b>

3.10 The Governance Statement notes the risk scores for the 24 risk areas. The assessment by departments and the Governance Arrangements Assessment Group concluded:

- Number of very high risks: 0
- Number of high risks: 7
- Number of medium risks: 8
- Number of low risks: 9

3.11 Where the current risk scores continue to be higher than the Council is willing to accept, further implementation steps have been identified and outlined in the Statement. However, it is emphasised that the majority of matters that have been highlighted in this systematic analysis have already been identified by the Council.

**4. CHANGES SINCE THE 2024/25 STATEMENT**

4.1 Each of the governance risks have been reviewed during the year. This is done by the responsible department as a first step, with the Governance Group undertaking a quality assurance role.

4.2 The score of five of the risks has changed during the year:

Risk	Previous score	Impact Score	Likelihood Score	Current Score	Comments
<p><u>Engagement</u> Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making</p>	<p>9 <i>(Medium)</i></p>	<p>Keep at 3</p>	<p>Increase from 2 to 3</p>	<p><b>12 (High)</b></p>	<p>Despite all efforts, the preparation and conduct of consultations and engagement exercises remains very challenging. In 2026/27 we will address this by undertaking a review of the Council's engagement processes before moving on to the formulation and presentation of a revised Engagement Strategy in 2027/28.</p>

**5. RECOMMENDATION**

5.1 The Governance and Audit Committee is requested to:

- Consider the Draft Annual Governance Statement that appears in the appendix.
- Approve the Statement and recommend that the Council Leader and Chief Executive sign it.

## **ANNUAL GOVERNANCE STATEMENT**

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

### **Part 1: SCOPE OF RESPONSIBILITY**

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

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

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

### **Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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

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

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

### **Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS**

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

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

##### **Culture**

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

##### **Conduct**

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

##### **Lawfulness**

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

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

### **Being open**

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

### **Stakeholders**

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

### **Engagement**

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

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

### **Direction and vision**

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

### **Sustainability**

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

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

### **Decisions**

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

### **Planning Operations**

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

### **Reviewing Outcomes**

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

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

### **Property Assets**

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

### **Information Technology Assets**

- A new Digital Plan for the period 2023-28 has been adopted; it was scrutinised by the Education and Economy Scrutiny Committee in September 2023 and formally approved by Cabinet in November 2023. An annual report was presented to the Cabinet on 16 December 2025.

### **Workforce Planning**

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

### **Leadership**

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

## **Customer Contact**

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

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

### **Risk Management**

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

### **Performance**

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

### **Internal Control**

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

### **Information**

- The Council's Information Plan 2021-2026 (2024 update) includes a number of plans for addressing the risks of information management and data use.
- The cross-departmental Information Group takes a corporate overview of this area.

## **Finance**

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

## **Health, Safety and Wellbeing**

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

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

### **Accountability**

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

### **Assurance**

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

## Part 4: ASSESSMENT OF THE EFFECTIVENESS OF OUR GOVERNANCE ARRANGEMENTS

4.1 Cyngor Gwynedd has carried out a self-assessment of its governance arrangements in accordance with requirements CIPFA/Solace Framework *Delivering Good Governance in Local Government* and the requirements of the Local Government and Elections (Wales) Act 2021. The assessment has highlighted the following in terms of mitigating the governance risks:

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

- When recommendations are issued by external audit bodies, an institutional response will be prepared on behalf of the Council and the Governance and Audit Committee is responsible for reviewing and assessing the response along with progress against the recommendations.
  - Appropriate arrangements are also in place to respond to any reports from the Health and Safety Executive (HSE).
  - The main governance risks are scored both corporately and at the Department level as the level of risk varies. The internal Governance Group has an overview and is responsible for quality assurance within Cyngor Gwynedd.
  - The Council has commissioned *Local Partnerships* to undertake a review of our governance arrangements, with the intention of providing the Council with an independent and objective challenge as well as offering any recommendations for improvement.
  - While the regime and future risk management strategies are generally improving and strengthening, new arrangements have been put in place to try to standardise and try to harmonise the scores for very high risks. During 2025/26, our insurers were commissioned to review our risk management arrangements and their recommendations will be implemented during 2026/27.
  - On the basis of Internal Audit work completed during 2025/26, it was considered that Cyngor Gwynedd's internal control framework during that financial year was operating at a level of reasonable assurance on the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework.
  - There are robust arrangements in place for supporting Elected Members in Gwynedd, with 97% of Gwynedd Councillors reporting that the service provided by the Democracy Team is very good. We will continue to build on these solid foundations in the year ahead.
  - The Head of Finance has carried out a self-assessment of compliance with the CIPFA Financial Management Code, and updates it at least once a year and the current assessment shows high compliance across all of the standards. Since 2025, we have commissioned CIPFA to undertake an independent audit of the self-assessment, and the outcome of that work will be considered when designing a financial support service for the future.
  - The Apprenticeship Scheme has provided an opportunity for over 90 apprentices since 2019 and the Graduate Scheme ("Cynllun Yfory") has given an opportunity to over 40 professional trainees since 2017 with many of them having been offered a job with the Council.
  - The 2024 "Llais Staff" Survey was conducted during a challenging period that included fiscal uncertainty, political changes in the Council, and a period of further changes to our 'working for the future' working arrangements following the pandemic. As a result, there has been a slight decrease in the level of staff satisfaction in response to most of the questions, but the level of satisfaction remains high for some of the key indicators e.g. the score for the statement 'the Council is a good place to work' is 80%, and 87% for "I've been motivated to do my best in my job for the benefit of the people of Gwynedd." As in last year's survey, this year's survey consisted of 4 parts – Me and my Well-being, Me and my job, Me and my service and Me and my Employer. The 2026 "Llais Staff" Survey was conducted during February and March 2026 and the results will be analysed during 2026/27.
  - Trade Unions were consulted and asked for feedback on the following areas:
    - Comments on the authority's performance and areas for improvement
      - Is the Council carrying out its duties effectively?
      - Is the Council making the best use of the resources at its disposal?
      - Does the Council have arrangements in place to ensure it performs effectively?
    - Tips for improving staff engagement and wellbeing
- Among the responses, it was noted that there was room for improvement in communication with unions regarding staffing issues in some departments, and there was a recognition that there was some way to go in terms of Social Partnership (when groups such as local government, businesses and trade unions work together to make decisions), as this is a learning process.

- Gwynedd was part of the National Resident Survey, the first of its kind to be conducted in Wales. There were 3,094 responses to the survey.
- The number of Valid Formal Complaints has decreased this year compared to last year, but those that have gone to the Ombudsman have increased. We are still working on reducing the time taken to respond to complaints and aim for the new Customer Contact Charter being developed to have a positive impact on this.
- The Procurement Team provides advice and support to services and ensures that the organisation follows regulations and best practice in procurement.
- The extensive training programme for Elected Members continues and includes core training in seven specific areas:
  - i. Safe Leadership and Personal Safety
  - ii. Code of Conduct
  - iii. Well-being of Future Generations Act
  - iv. Safeguarding Children and Adults
  - v. Your Responsibility for Equality
  - vi. Your Responsibility as a Corporate Parent
  - vii. Information About People: Your Responsibility
- Setting a balanced budget for 2027/28 will be challenging, particularly given the need to ensure that departmental budgets are adequate to provide the necessary level of services for the people of Gwynedd, and to avoid overspending as seen in 2024/25 and 2025/26.
- An internal review is underway to improve our Council Tax collection arrangements, and actions have been introduced to increase collection rates in the future. This work will continue to receive attention over the coming year. We are also keen to ensure that issues such as this receive early attention in the future and will be looking to review our arrangements to ensure this happens.
- A Strategic Equality Plan for 2024-28 has been developed to provide a framework to improve fairness within the Council and ensure that we treat people according to their needs, and this work is ongoing.
- Each year the Council prepares a Financial Strategy and sets a balanced Budget to ensure continuity of service.
- The Council also publishes a Statement of Accounts at the end of each financial year showing its annual expenditure. The review of expenditure against budgets and monitoring that savings have been achieved by all Council departments, ensures that the services are operating efficiently. However, as noted earlier, the increasing pressures on the Council's budget are making it harder for departments to maintain the same level of services within the budget provided, leading to a risk of overspending
- The Local Government and Elections (Wales) Act 2021 has created new duties for Political Group Leaders to take an element of responsibility for promoting good behaviour and co-operating with the Standards Committee. A protocol and criteria for assessing the fulfilment of the duty were agreed in a workshop between the members of the Committee and the Leaders. These were adopted by the Standards Committee and would contribute to the preparation of the Committee's annual report. This work has been supported by regular meetings and communication with the Monitoring Officer.
- In accordance with the Local Government and Elections (Wales) Act 2021, a Panel Assessment on Cyngor Gwynedd's governance arrangements was undertaken during March 2026. The results of the Panel's work, and the recommendations of its report, will form the basis of the Council's governance developments during 2026/27.

4.2 For each of the Governance Risks, a current risk score is shown, which is the score after an objective assessment of the management arrangements currently in place. Two factors are taken into account:

- **Impact** of risk if the event is realised
- The **Probability** of it happening.

4.3 The Impact scores range from 1 (visible impact) to 5 (catastrophic impact), and the Probability scores of 1 (Very Unlikely) to 5 (happening now). The risk score is calculated by multiplying the impact score and the probability score together.

4.4 The relative level of risks is assessed as follows:

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

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

Area	Risk	Effect	Likelihood	Risk Score
Culture	Inappropriate culture within the Council can hinder our ability to do the right things in the correct manner	4	3	12
Conduct	Lack of integrity, ethics and respect in the conduct of members and officers, undermining the public's confidence in the Council	2	2	4
Lawfulness	Ignoring the rule of law, which means that the Council is open to challenges from the courts.	3	1	3
Being open	Council that is not open, meaning that it is not possible to hold it accountable for its decisions	2	1	2
Stakeholders	Weak relationship with institutional stakeholders, ending with sub-optimal services	3	3	9
Engagement	Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making	3	4	12
Direction and vision	Direction and vision that is not rooted in the outcomes for individuals and therefore does not realise the needs of the People of Gwynedd	3	2	6
Sustainability	Failing to comply with the five principles of the Well-being of Future Generations Act	3	3	9
Decisions	Unwillingness to make decisions on action, which means a delay in achieving the outcomes for the people of Gwynedd	2	2	4
Planning Operations	Intervention without sufficient planning	2	2	4
Reviewing outcomes	Failure to review the outcomes of our actions, which means that we do not learn lessons by continuing to do the same things incorrectly	3	2	6
Property Assets	The Council's property assets not used to their full potential	2	2	4
Information Technology Assets	The Council's Information Technology assets not used to their full potential	3	3	9
Workforce Planning	Failure to plan the workforce in terms of attracting, developing and retaining staff	3	3	9
Leadership	Deficiencies in the Council's leadership means that we are not doing the right things	4	2	8

Area	Risk	Effect	Likelihood	Risk Score
Risk Management	Weaknesses in our risk management arrangements that increase the threat of something going wrong or failure to take an opportunity to improve	5	2	10
Performance	Weaknesses in our performance management arrangements mean that we cannot take appropriate steps to achieve our purpose	2	2	4
Internal Control	Unsuitable internal control arrangements which means that we either do not protect ourselves from risks, or waste resources on over-control	2	2	4
Information	Failure to maximise the potential of information in supporting Council business and failure to meet statutory requirements	4	3	12
Finance	Overspending due to underfunding or lack of financial control	5	3	15
Accountability	Poor reporting, lack of transparency and unsuitable for the audience	2	2	4
Assurance	Lack of assurance and accountability that raises suspicion amongst the public regarding what the Council is doing	3	5	15
Health, Safety and Wellbeing	Ineffective Health, Safety and Wellbeing Management System	5	3	15
Customer Contact	Lack of timely response to enquiries	3	4	12

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

**Part 5. SIGNIFICANT GOVERNANCE ISSUES**

- 5.1 The above scores show that none of the 24 areas of governance present a very high risk. 7 is high risk and 8 is medium risk.
- 5.2 The self-assessment has identified the following improvements that will be implemented in 2026-27.
- In response to the recommendations of a study by Audit Wales we will be looking to improve our service commissioning arrangements.
  - Improve training on risk identification and management.
  - To act on the relevant recommendations in the Panel Assessment report.
  - To act on the relevant recommendations in the Local Partnerships report.
  - To act on the findings of the Staff Voice Survey, including appreciation and well-being.
- 5.3 An update on previous years' actions will be reported in Cyngor Gwynedd's Annual Performance Report and Self-Assessment 2025/26.

**Part 6: OPINION**

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

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**DAFYDD GIBBARD**  
**CHIEF EXECUTIVE OF CYNGOR GWYNEDD**

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**Cllr. NIA JEFFREYS**  
**LEADER OF CYNGOR GWYNEDD**

**DATE**

**DATE:**

# Agenda Item 7

<b>NAME OF COMMITTEE</b>	Governance and Audit Committee
<b>DATE OF MEETING</b>	9 <sup>th</sup> of July 2026
<b>TITLE OF ITEM</b>	CYNGOR GWYNEDD SELF-ASSESSMENT 2025/26
<b>OBJECTIVE</b>	To submit a draft of the main issues to be addressed within the Cyngor Gwynedd Self-assessment 2025/26 document for the committee's consideration.
<b>RECOMMENDATION</b>	Members are asked to consider the issues presented for 2025/26 and offer any comments and recommendations along with any additional matters that should be included.
<b>CABINET MEMBER</b>	Councillor Nia Jeffreys, Leader of the Council
<b>AUTHOR</b>	Dewi W. Jones, Council Business Support Service Manager

## **1. BACKGROUND**

- 1.1 This is a report which presents a draft of the main issues to be included in the Council's Self-assessment for 2025/26. It is noted that the self-assessment is a statutory requirement under the Local Government and Elections (Wales) Act 2021.
- 1.2 As in previous years, the Council's Self-assessment will be incorporated into the Annual Performance Report. The Performance and Self-assessment Report for 2025/26 will be structured to reflect the format of the 2023-28 Cyngor Gwynedd Plan.
- 1.3 Statutory guidance states that the Governance and Audit Committee needs to be included in the self-assessment process, providing them with an opportunity to make any observations and recommendations.
- 1.4 In the past, the Committee has indicated a desire to provide input earlier in the process rather than providing observations/recommendations at the end of a final draft copy of the document before it is submitted to Cabinet. In an attempt to respond, we presented the main issues to be included within the self-assessment for the Committee to consider in May 2025 so that there was an opportunity to make observations and recommendations and also to identify if there are any other issues that should be included within the self-assessment. Our intention is to do the same for the 2025/26 self-assessment so that you have an opportunity to feed into the process early.
- 1.5 These observations/recommendations will then need to be taken into account when drafting the document for formal submission to this Committee, Cabinet and Full Council as usual later in the year. The process of drafting the Annual Report will follow the same timeline.

## **2. SELF-ASSESSMENT OF THE COUNCIL'S PERFORMANCE**

- 2.1. The Local Government and Elections (Wales) 2021 Act provides for a new and revised legislative framework for local government elections, democracy, governance and performance. It replaces the duty set out in the Local Government (Wales) Measure 2009.
- 2.2. This means that a Council must produce a self-assessment report in relation to each financial year. The report must set out its conclusions as to the extent to which it met the performance requirements during that financial year, and any steps it intends to take, or has already taken, to increase the extent to which it meets the performance requirements. The performance requirements are to what extent:
  - i. it is exercising its functions effectively;
  - ii. it is using its resources economically, efficiently and effectively;
  - iii. the Council has robust governance arrangements in place to ensure the requirements of i. and ii.
- 2.3. At its simplest level, the self-assessment is concerned with the way the Council meets the performance requirements and responds to the following questions:
  - How well are we doing?
  - How do we know that?
  - What can we do better and how?
- 2.4. As already stated, there is a duty to publish a report noting the conclusions of the self-assessment once in relation to each financial year, and to complete the work "as soon as reasonably practicable after the end of the financial year it relates to."
- 2.5. It also notes the duty to consult with local people, local businesses, the Council's staff and trade unions at least once in a financial year. These consultations should be used to get feedback on the extent to which the authority delivers the performance requirements.
- 2.6. The Council is already gathering much of the evidence and publishing documents that contain the type of information we are expected to include within the self-assessment. This includes documents such as (but not limited to) Performance, Equality, Director of Social Services' annual reports and the Annual Statement of Accounts. It is also noted that there is a close link between this document and the Annual Governance Statement. As a result, we have attempted to keep the self-assessment document relatively concise with reference to a number of the documents where further information is available in order to try to avoid duplication.
- 2.7. It is the Governance Group that leads/takes an overview of this process within the Council to ensure that the work is owned and led at a strategic level.

- 2.8. As noted above, the Governance and Audit Committee needs to be involved in the process to give them the opportunity to make any observations and recommendations as outlined in the box below (which is taken directly from the guidelines).

**Include the council's governance and audit committee**

*Para 2.40 The Council must arrange for a draft of its self-assessment report to be made available to its governance and audit committee. The committee must review the draft report and can make recommendations for changes to the conclusions or actions the council intends to take.*

*Para 2.41 If the Council does not make a change recommended by the governance and audit committee, it must note the recommendation and the reasons why the council did not make the change in the final self-assessment report.*

- 2.9. Failure to publish a Self-assessment would likely result in statutory recommendations from Audit Wales, which would have implications for the Council's reputation.
- 2.10. As reported last year, the Council received a Panel Performance Assessment during March 2026, which included independent members. A Panel Assessment needs to be undertaken at least **once** within an electoral cycle and is associated with the duty to be undertaking annual self-assessments on performance with these documents forming part of the evidence base.
- 2.11. The draft report includes recommendations on improving arrangements in the areas of strategic planning, transformation, strengthening partnerships, improving risk management and consolidating performance management arrangements. A full report on the assessment and our response will be presented to you as a Committee in the autumn.

**3. NEXT STEPS**

- 3.1. Following receipt of observations/recommendations from the Governance and Audit Committee the preparation of the self-assessment will continue.
- 3.2. A draft of the Annual Performance Report and Self-assessment will be submitted to this Committee in September/October at which time there will be an opportunity to provide observations/recommendations on the final draft in accordance with past procedure. Following this, the document, together with any observations or recommendations from the Governance and Audit Committee on the self-assessment will be submitted to Cabinet in October/November and to the Full Council for approval on 3<sup>rd</sup> of December 2026.

**4. RECOMMENDATION**

- 4.1. The Governance and Audit Committee is asked to consider the issues outlined for the 2025/26 Self-assessment which appears in Appendix 1 and to make observations/recommendations for changes, if any, along with any additions.

**Appendix 1 – Main issues for Cyngor Gwynedd's 2025/26 Self-assessment**

# Self-assessment 2025–26 (part of the 2025–26 Annual Report)

# Purpose of the presentation

To give members of the Governance and Audit Committee the opportunity to consider our main strengths and risks before we complete our Self-assessment.

## ▶ Strengths/achievements based on:

- ▶ Annual performance report and our Self-assessment
- ▶ Feedback from Audit Wales, Care Inspectorate Wales and Estyn
- ▶ Matters arising through the Performance Challenge and Support process

## ▶ Risks/challenges based on:

- ▶ Key risks in the corporate risk register
- ▶ Feedback from Audit Wales, Care Inspectorate Wales and Estyn
- ▶ Other matters we have identified and included in the Council Plan
- ▶ Matters arising through the performance Challenge and Support process

# Background

- ❖ Not every risk/strength is listed in this presentation – **these are the main ones.**
- ❖ A large number of our strengths and risks will be included in other parts of the annual report, particularly where they relate to Council Plan projects and our day-to-day work. To avoid repetition, we do not (usually) list them in the Self-assessment as well.
- ❖ ‘Efficient Gwynedd’ is much more corporate in nature, as many of the strengths and weaknesses shown here are organisational.

## A Caring Gwynedd

*“Supporting Gwynedd residents to live full and safe lives in our communities”*

## Strengths/Achievements



- ❖ New Head of Adults Department is a social worker and offers an opportunity to professionalise and reconsider the Department's systems and operating structures.
- ❖ Increase in appropriate use of direct payments and strengths-based practice, and developments in extra-care housing.
- ❖ Use of technology and alternative ways of delivering services.
- ❖ Collaboration with health organisations, the police and the third sector to support good outcomes for people has strengthened significantly.
- ❖ Strategic planning – Llechen Lân has been published and is about to be updated. i-Llechen children's services and the housing needs assessment are under way.
- ❖ Gwynedd Care Academy is thriving and exciting.
- ❖ Review of services for disabled children about to be published to enable developments to be considered.

## Risks/Challenges

- ❖ Demographic trends, as identified by Llechen Lân, leading to a shortage of the required workforce and increasing demand/costs; this will also apply in future.
- ❖ Our ability to provide home, residential and nursing care because of the intensity of needs and workforce shortages. Llechen Lân implementation recommendations have been adopted to counter these challenges.
- ❖ Importance of multidisciplinary collaboration to ensure high-quality services and manage costs effectively. Continuing to strengthen work with partners such as health, police, the third sector and care providers is essential.
- ❖ Workforce planning challenges could mean we cannot provide the best services for Gwynedd residents.
- ❖ DoLS challenges — and challenges in filling posts to implement those procedures.

## A Caring Gwynedd

*“Supporting  
Gwynedd residents  
to live full and safe  
lives in our  
communities”*

## Risks/Challenges

- ❖ If Business, Commissioning and Care Monitoring services are not effective and efficient, there is a risk to the safety of individuals and staff, as well as a risk that we do not provide quality services to Gwynedd residents.
- ❖ Unable to obtain mental health assessments outside working hours, leaving individuals at risk and facing mental health distress without appropriate support.
- ❖ Implementing Mosaic and Magic Notes — major fundamental risk — and lack of support for some months.
- ❖ National developments to eliminate profit from services provided for children.
- ❖ Wage competition from neighbouring regional counties.

**A Caring Gwynedd**  
***“Supporting  
Gwynedd residents  
to live full and safe  
lives in our  
communities”***

## Strengths/Achievements

- ❖ Inspection outcomes for primary and secondary schools are generally strong.
- ❖ Support for meeting learners' needs/Welsh-language provision — including the Immersion Education system.
- ❖ New Language Policy out for consultation.
- ❖ Schools Strategy 2026–2036 in place.
- ❖ Education Transport Policy — currently being developed.
- ❖ New Inclusion arrangements in place and the new Gwynedd ALN service being established.
- ❖ Strengthening the voice of the child in social services procedures and through the county youth forum.
- ❖ Capital schemes developing well — Ein Harglwyddes on site; Tryfan, Hiracl and Bontnewydd at planning stages.
- ❖ Enthusiastic and eager children's social services workforce in an extremely challenging situation.
- ❖ Opportunity to ensure our school safeguarding arrangements meet the highest standards and deliver our Response Plan to the Our Bravery Brought Justice report.

## Tomorrow's Gwynedd

*“Giving our children  
and young people  
the best possible  
start in life”*

## Risks/Challenges

- ❖ School safeguarding arrangements to the highest possible standard and delivery of our Response Plan to the Our Bravery Brought Justice report and Estyn & CIW joint review (Nov 2025).
- ❖ Demographics and the effect on the viability of the current schools system.
- ❖ Arrangements for monitoring, evaluating and promoting pupil attendance.
- ❖ Provision for pupils with social, emotional and behavioural difficulties, and ensuring arrangements to monitor and improve quality.
- ❖ Failure to provide Catering and Cleaning services adequately and safely.
- ❖ Challenging position in the Council's children's department leadership at present.

**Tomorrow's  
Gwynedd**  
*“Giving our  
children and  
young people the  
best possible start  
in life”*



## Strengths/Achievements

- ❖ Local Regeneration Plan created for each of the 13 regeneration areas in the county.
- ❖ £2m investment in town centres through the Transforming Towns regeneration programme, including improvements in Bangor city centre, Porthmadog and Pwllheli.
- ❖ £8.2m investment in Gwynedd through the Shared Prosperity Fund (SPF). More than 130 businesses have received financial support through business grants.
- ❖ Developed the Gwynedd and Eryri Sustainable Visitor Economy Plan 2035 jointly by Cyngor Gwynedd and Snowdonia National Park Authority.
- ❖ Work to establish the Visitor Levy has progressed well.
- ❖ Trawsfynydd Science Park — £20m capital package almost in place and business case completed.
- ❖ Growth Deal — Glynllifon and Bryn Cegin projects awaiting CJC approval this month.

**A Prosperous  
Gwynedd**  
**“Strengthening the  
economy and  
supporting  
Gwynedd residents  
to earn a decent  
wage”**

## Risks/Challenges

**A Prosperous  
Gwynedd**

***“Strengthening the  
economy and  
supporting  
Gwynedd residents  
to earn a decent  
wage”***

- ❖ Implications of the ARFOR programme ending — leading to a possible adjustment to the Council Plan to establish a new “Back to Gwynedd” project.
- ❖ SPF programme ending, with only partial transition arrangements confirmed through new funds (Pride of Place and Local Growth Fund).
- ❖ Significant reduction in funding, flexibility and scope compared with SPF, creating uncertainty about future funding and administration.
- ❖ Bangor city centre — continuing to seek to establish the capital package for the Health Hub.

## Strengths/Achievements

- ❖ Recently reduced the number of people who are homeless (25%) and emergency accommodation costs.
- ❖ Since 2021, the Housing Action Plan has resulted in
  - ❖ 357 empty homes brought back into use
  - ❖ over 500 new social homes (139 in the last year)
  - ❖ 59 houses purchased for letting
  - ❖ Two Tŷ Gwynedd developments (shared equity) on site
- ❖ Substantial capital schemes to provide emergency accommodation — 14 units opened on Bangor High Street, Lle Da (GISDA) completed, and Tŷ Glyn (£4.6m) and Penrallt (£16.6m) developing 90 further units.
- ❖ Penrhos site — attracted additional Welsh Government grant (£7m). Construction work on site. Nursing Home (public sector) business case completed.
- ❖ Small Group Homes — two operational (Morfa Bychan and Deiniolen), and two more under way in Ederm and Cricieth.
- ❖ One Stop Housing Shop established in September 2025 for all housing and accommodation enquiries.
- ❖ Increased the Council Tax Premium on empty homes to 150% for reinvestment mainly in housing.

**A Homely  
Gwynedd**  
**“Supporting  
Gwynedd residents  
to live in suitable  
and affordable  
homes in their  
communities”**

## Risks/Challenges

- ❖ Homelessness remains a challenge — need to continue with ambitious plans.
- ❖ Implementing the Homelessness and Social Housing Bill.
- ❖ Managing expectations and tensions relating to social housing development applications.
- ❖ Arrival of the Building Safety (Wales) Bill and delivery of matters relating to safety of multi-occupancy residential units.
- ❖ Increase in construction costs, availability of contractors and adequate workforce, e.g. smallholdings and Buy-to-Let housing.
- ❖ Use of planning powers as one of our interventions to manage second homes in the county, particularly in the context of Article 4.

**A Homely  
Gwynedd**  
*“Supporting  
Gwynedd residents  
to live in suitable  
and affordable  
homes in their  
communities”*

## Strengths/Achievements

**A Welsh Gwynedd**  
*“Ensuring we give our residents every possible opportunity to use the Welsh language in the community”*

- ❖ The Welsh language is a key part of all Council work and any plans that affect Gwynedd residents.
- ❖ The Council has modernised and expanded Welsh immersion provision for children, and intends to increase Welsh-medium education provision in the county further.
- ❖ New Language Strategy in place for 2026–2032 and the Fenter Iaith has been established and is laying the foundations.
- ❖ New Education Language Policy adopted.

## Risks/Challenges

**A Welsh Gwynedd**  
*“Ensuring we give our residents every possible opportunity to use the Welsh language in the community”*

- ❖ Workforce planning — perceptions about language standards.
- ❖ Welsh-speaking young people moving away.
- ❖ Decline in use of Welsh in the community.

## Strengths/Achievements

- ❖ New Waste Strategy being created.
- ❖ Collaboration on significant capital schemes in recycling, with WRAP support.
- ❖ Flood Strategy adopted, highlighting current and future risks from flooding and coastal erosion in the county and how those risks will be managed.
- ❖ 570 people supported to improve their homes and reduce energy use.
- ❖ Continued success in attracting substantial energy grants to reduce carbon emissions from buildings, purchase electric vehicles and carry out nature conservation work (£12.3m between 2019/20 and 2024/25).
- ❖ A number of Active Travel Plan projects delivered during the year.
- ❖ Achieved a 32% reduction in our carbon emissions since 2019.

## A Green Gwynedd

*“Protecting the natural beauty of the county and responding positively to the climate change emergency”*

## A Green Gwynedd

*“Protecting the natural beauty of the county and responding positively to the climate change emergency”*

## Risks/Challenges

- ❖ Achieving the national recycling target of 70%.
- ❖ Waste treatment sites need to be modernised, alongside improvements to our recycling centres.
- ❖ Significant risk of inland and coastal flooding that could adversely affect several communities such as Fairbourne.
- ❖ Failure to meet the Climate and Nature Emergency Plan ambition that “Cyngor Gwynedd will be net-zero carbon and ecologically positive by 2030”. This is a practical and financial risk for the Council.
- ❖ Developing a new Local Development Plan — expectations and national changes could lead to delays.
- ❖ Rationalising public transport and its impact on transport in rural areas.
- ❖ Securing dangerous buildings, e.g. Corbett Arms, and acting on building control enforcement matters.

# Strengths/Achievements



## An Efficient Gwynedd

*“Putting Gwynedd residents first by treating them fairly and ensuring the Council performs effectively and efficiently”*

- ❖ Revenue budget set with a tax increase below the 5% forecast in the MTFP and without further service cuts.
- ❖ Able to include higher investment in several challenging areas.
- ❖ Reserves remain healthy (£21m) at present — no use of them when setting the budget.
- ❖ Local Partnerships report confirms strong governance arrangements.
- ❖ Performance Challenge arrangements have been developed further.
- ❖ Reviewing the support provided as host/lead body to a number of regional services.
- ❖ Council gathers residents' views in several different ways to improve services — National Residents' Survey.
- ❖ Annual Staff Voice Survey — leading to clear improvements.
- ❖ Awareness and ownership of safeguarding matters has spread across the Council. Review of the Ffordd Gwynedd culture is about to begin.
- ❖ Partnership working remains strong, e.g. CJC, Public Services Board, third sector, visitor economy.

## Risks/Challenges

- ❖ Revenue budget challenges arising from ongoing increases in demand in care, energy costs, general inflation, ALN, demographics, etc.
- ❖ Recruitment difficulties for posts in some front-line areas that can risk service continuity.
- ❖ Developing our arrangements and procedures for assessing and managing corporate risks, ensuring consistency across the organisation.
- ❖ Evolution of the Corporate Joint Committee.
- ❖ Failure of the Council's systems and threat to data in the event of a cyberattack.
- ❖ Introduction of major new systems such as the Establishment Management System and Mosaic during the year, and review of the Accounting System in 2026–27.
- ❖ Asset Plan remains under pressure but has improved following the move of Maintenance to revenue.
- ❖ Financial forecasts for the next two years and their impact on our Medium-Term Financial Plan.
- ❖ Impact of the 2026 Senedd election.
- ❖ Knock-on effect of the focus on the Response Plan: Our Bravery Brought Justice on our ability to deliver in other areas.

**An Efficient Gwynedd**  
***“Putting Gwynedd residents first by treating them fairly and ensuring the Council performs effectively and efficiently”***

MEETING:	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE:	<b>9 JULY 2026</b>
TITLE:	<b>STATEMENT OF ACCOUNTS 2025/26</b>
PURPOSE / RECOMMENDATION:	<b>TO RECEIVE THE STATUTORY STATEMENT OF ACCOUNTS (SUBJECT TO AUDIT DRAFT) FOR INFORMATION</b>
AUTHOR:	<b>DEWI MORGAN, HEAD OF FINANCE</b>
CABINET MEMBER:	<b>COUNCILLOR HUW WYN JONES</b>

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## **1. INTRODUCTION**

- 1.1 This report introduces the statutory Statement of Accounts for the 2025/26 financial year, which provides details of the Council's financial activities during the year which ended on 31 March 2026.
- 1.2 The following document is the draft Statement of Accounts in its statutory format, 89 pages long in each language.
- 1.3 The draft accounts presented here are currently subject to audit and a final version following audit will be submitted for approval at the 29 September 2026 meeting of the Governance and Audit Committee.
- 1.4 The basic form and content of these Statements is prescribed under the Accounts and Audit (Wales) Regulations 2014 (as amended), as well as other regulations and standards. Requirements under the Code of Practice on Local Authority Accounting are based on IFRS (International Financial Reporting Standards) and apply to the Council's Statement of Accounts for 2025/26. As the regulations require statements in a standard format, comparisons with other bodies' accounts is facilitated, but the statements have now become technically complex and difficult to understand.
- 1.5 A simple summary "outturn" report relating to the 2025/26 accounts was presented to the Cabinet meeting on 19 May 2026 and to the Governance and Audit Committee on 21 May 2026. That report was more useful for internal / management purposes, while the Statement of Accounts is more suited for external / governance purposes.

## **2. ACTION REQUIRED**

- 2.1 The Governance and Audit Committee are “those charged with governance” on behalf of the Council. However, the Statutory Finance Officer (the Head of Finance in Gwynedd Council) is responsible for approving and certifying the draft accounts.
- 2.2 There is no statutory requirement for elected members to approve the Council’s draft Statement of Accounts, but we consider that the submission of the draft statement to the Governance and Audit Committee for information is good practice to follow.
- 2.3 The Governance and Audit Committee members will need to approve the final version on 29 September 2026 following receipt of the Audit Wales report. The submission of the draft now is an opportunity for committee members to consider the content and ask financial officers about the content. This is an opportunity for members to equip themselves with relevant information to consider relevant risks, and other issues that will be subject to audit, in their context.

## **3. SUBSEQUENT STEPS**

- 3.1 Further to certification by the Head of Finance and consideration by the Governance and Audit Committee, the 2025/26 Statement of Accounts, with all other relevant statements are the subject of the annual audit process by Audit Wales, Gwynedd Council’s external auditors, who were appointed by the Auditor General for Wales.
- 3.2 As noted in paragraph 1.3 (above), the final (audited) version of the Council’s 2025/26 Statement of Accounts will be submitted to the meeting of the Governance and Audit Committee on 29 September 2026 FOR APPROVAL, along with a report on behalf of the Auditor General for Wales.
- 3.3 Subsequently, it is the Finance Department’s intention to provide a link to the final Statement to all elected members and all chief officers of the Council, as well as to other interested parties.

## **4. RECOMMENDATION**

- 4.1 The Governance and Audit Committee is asked to receive and note the Council’s Statement of Accounts (subject to audit) for 2025/26.

# Cyngor Gwynedd

## STATEMENT OF ACCOUNTS 2025/26

*Subject to Audit*

Finance Department  
[www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru)



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# NARRATIVE REPORT

## Introduction

Cyngor Gwynedd's accounts for the year 2025/26 are presented here on pages 9 to 87.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This is the Council's main revenue account. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Movement in Reserves Statement** - This statement shows the movement in year on the different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'. The taxation position is reflected in the Movement in Reserves Statement.
- **Balance Sheet** - Sets out the financial position of the Council on 31 March 2026.
- **Cash Flow Statement** - This statement summarises the flow of cash to and from the Council during 2025/26 for revenue and capital purposes.
- **The Welsh Church Fund and FMG Morgan Trust Fund Accounts.**

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

## Cyngor Gwynedd's Vision and Priorities

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

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

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

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

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

## Financial Strategy

The Council's Financial Strategy and 2025/26 Budget adopted by the Council at its meeting on 6 March 2025 sets out the foundation to achieve the priorities areas, whilst also trying to meet the continuous increase in demand for our services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at: <https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Finance/Financial-strategy.aspx>

In 2025/26 there was an increase in Cyngor Gwynedd's grant from the Welsh Government of 3.8%, which corresponds to an increase worth £9.1m in external funding. However, it was predicted that the Council's expenditure would need to be increased by £25.8m to "stand still" due to the demand on services as well as inflationary pressure remaining high. And so, it was necessary to introduce savings and cuts, and raise the level of Council Tax in order to set a balanced budget.

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

## Performance Measuring

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

In addition to the annual report, departmental challenging and supporting the performance meetings are held every other month, concentrating on the progress of the Cyngor Gwynedd Plan projects, performance of services (day-to-day work) and responding to the main risks on the Corporate Risk Register. The departments also report directly to the Scrutiny Committees on their performance in June and October. More information can be found here: <https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Council-performance/Performance-Measuring.aspx>

## Financial Performance 2025/26

- Pressure on Council services was apparent, with overspending of £6.6m at year end, mainly in adult and children care, and the service dealing with waste. Receipt of grant and an underspend on corporate budgets helped to alleviate some of the financial situation, however £3.2m was transferred from the Financial Strategy Fund to balance the situation of financial deficit in the departments. The financial out-turn position for 2025/26 was reported to Cabinet at its meeting on 19 May 2026. Members of the Cabinet approved the net services overspend of £160k for the year.
- A Departmental shortfall of £6.5m was forecasted in the last budget revenue review, undertaken at the end of November 2025. Since then, the overspend position in the areas of children care and waste has increased, with improvements in the adults' care. The favourable position of many corporate budgets has also helped to alleviate the financial position of the Council by the end of the financial year.
- The Council received an additional grant from the Welsh Government, amounting to £603k to assist with wage pressures.
- In accordance with the Statutory Finance Officer's opinion, the Cabinet members approved increasing the Council's General Balances by £6.6m, so that it represents 2.5% of the Council's gross revenue expenditure. The amount was transferred from the Financial Strategy Fund.
- At the end of the 2025/26 financial year, an overspend position is reported by 5 departments due to many factors. Substantial pressure continues in the areas of children and adult care and waste.
- The 2025/26 financial position was taken into consideration in the process of establishing the 2026/27 budget with bids being allocated to some of the overspending areas.

- The Comprehensive Income and Expenditure Statement on page 10 shows the Council's gross revenue expenditure on 'Cost of Services' level as £563m during 2025/26, with the net position as £341m.

### **TABLE I – Budget and Actual Comparison Summary (Net)**

The Council's net budget is mainly financed through council tax, general government grants and national non-domestic rates and totals £387m for 2025/26.

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Expenditure on Operations	386,141	387,215	1,074
Departmental carry forward at year-end	0	(160)	(160)
	<b>386,141</b>	<b>387,055</b>	<b>914</b>
Financed by -			
Council Tax Income	(137,751)	(138,665)	(914)
Share of National Non-Domestic Rate	(43,521)	(43,521)	0
General Government Grants	(204,869)	(204,869)	0
	<b>0</b>	<b>0</b>	<b>0</b>

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

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

Department	Performance Report (Outturn)	Transposition Adjustment	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Income & Expenditure Statement
	£'000				
Education	120,636	468	121,104	4,417	125,521
Corporate Services	8,603	73	8,676	(607)	8,069
Finance	9,129	145	9,274	1,256	10,530
Economy and Community	5,309	532	5,841	2,591	8,432
Adults, Health and Well-being	85,031	(91)	84,940	(1,344)	83,596
Business and Care Commissioning	2,727	6	2,733	(190)	2,543
Children and Family Support	30,013	88	30,101	(841)	29,260
Highways, Engineering and YGC *	18,314	(94)	18,220	3,174	21,394
Environment	18,198	(3,206)	14,992	4,232	19,224
Housing and Property	10,388	709	11,097	3,763	14,860
Corporate Management Team and Legal	3,187	7	3,194	(131)	3,063
Corporate	13,239	756	13,995	617	14,612
<b>Cost of Services</b>	<b>324,774</b>	<b>(607)</b>	<b>324,167</b>	<b>16,937</b>	<b>341,104</b>
Other (Contains Centralised and Corporate Adjustment)	62,281	607	62,888	(16,937)	45,951
<b>Total</b>	<b>387,055</b>	<b>0</b>	<b>387,055</b>	<b>0</b>	<b>387,055</b>

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

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

### • **Material Items of Income and Expenditure**

Related items include:

- The depreciation value of the Council's assets is £23m (Note 15).
- As a result of Central Government schemes including the Levelling Up Fund, significant grants have been received during 2025/26, which contributed to the significant revenue expenditure funded from capital under statute, which is £19m (Note 34), whilst the associated grant income to fund such expenditure is (£16m) (Note 32).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), the net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £12m (Note 23.1).
- (£11m) on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).

### • **Other Issues**

- Economic instability and financial risks continue in the UK and globally, especially considering the situation in the Middle East that has increased energy and fuel prices, and so is pushing up overall

inflation. Whilst inflation levels are still higher than the 2% target at present, the Office for Budget Responsibility (OBR) in its 'Economic and Fiscal Outlook' report dated March 2026 predicts that inflation rates will go down and reach the target by 2027. The Council has taken these circumstances into account in its financial plans, keeping a prudent level of reserves.

- The Council, like all other public bodies, continues to face significant funding challenges, specifically uncertainty about the level of Revenue Support Grant to be received by the Government. There is no certainty of any increase in the grant in the medium term, particularly considering that a new government was elected for Wales in May 2026, with different priorities from the previous government.

### Capital Expenditure in 2025/26

Capital expenditure for 2025/26 amounted to £83.8m. The following table gives an analysis of this expenditure and the way it was financed.

**TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING**

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
12,086	Education	13,778
7,516	Environment	7,428
87	Corporate Services	0
1,451	Finance	734
40,298	Economy and Community	20,944
12,386	Housing and Property	22,836
468	Adults, Health and Well-being	3,742
2,402	Children and Family Support	2,945
8,489	Highways, Engineering and YGC	11,365
<b>85,183</b>		<b>83,772</b>
	<b>FINANCED BY -</b>	
7,113	Borrowing	12,574
66,547	Grants and Contributions	60,115
43	Capital Receipts	487
11,480	Revenue and Other Funds	10,596
<b>85,183</b>		<b>83,772</b>

- Revenue Expenditure Funded from Capital Under Statute of £19.2m is included in the above table. This has been charged to the Income and Expenditure Statement in the year. Total expenditure on Non-current Assets and Assets Held for Sale was £68.1m as shown in Notes 15 and 20.
- The Council's Loan Debt at 31 March 2026 was £74.2m – a decrease of £20.4m (from £94.6m) during the year. Repayments of £20.2m were made in accordance with the terms of individual loans.

### Provisions and Reserves

In addition to the unearmarked element of General Balances of £14.5m, the Council had provisions of £9.7m, earmarked reserves of £112.6m and school balances of £7.1m. In total, these amounted to £143.9m. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10 and 22.

The adequacy of the Council's specific reserves and provisions was reviewed by the Head of Finance in closing the accounts this year, in accordance with the approved policy. At its meeting on 19 May 2026, the Cabinet approved increasing the Council's General Balances from £6.6m to £14.5m, transferring the money from the Financial Strategy Fund. The Cabinet also approved setting up a specific fund for Dangerous Buildings Protection, transferring a further £1.5m from the Financial Strategy Fund.

## **Pension Fund**

The Council (as an employer) has a liability from its share of the assets and liabilities of the Gwynedd Pension Fund as recognised on its Balance Sheet at 31 March 2026. This has been calculated by the Fund's Actuary, Hymans Robertson, in compliance with International Accounting Standard 19. Refer to Note 38 for further information.

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

## **Governance**

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

## **Accounting Policies**

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **Changes in Accounting Policies and to the Accounts**

The Council's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2025/26 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

## **Further Information**

The Statement of Accounts is available on Cyngor Gwynedd's website [www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru).

Further information relating to the accounts is available from:

Ffion Madog Evans  
Assistant Head of Finance  
Accounting and Pensions  
01286 679133  
[Trysorydd@gwynedd.llyw.cymru](mailto:Trysorydd@gwynedd.llyw.cymru)

Finance Department  
Cyngor Gwynedd  
Council Offices  
Caernarfon  
Gwynedd  
LL55 1SH

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

## **Accessibility Statement**

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

# **CYNGOR GWYNEDD**

## **STATEMENT OF ACCOUNTS**

### **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **THE COUNCIL'S RESPONSIBILITIES**

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

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#### **THE HEAD OF FINANCE'S RESPONSIBILITIES**

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

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

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

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#### **RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Cyngor Gwynedd at 31 March 2026 and the Council's income and expenditure for the year then ended.



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**Dewi Aeron Morgan CPFA**  
**Head of Finance, Cyngor Gwynedd**

**30 June 2026**

## EXPENDITURE AND FUNDING ANALYSIS

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

<b>EXPENDITURE AND FUNDING ANALYSIS</b>						
<b>2024/25</b>				<b>2025/26</b>		
<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between the Accounting Basis and Funding Basis (see Note 8 &amp; 9)</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>		<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between the Accounting Basis and Funding Basis (see Note 8 &amp; 9)</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
111,971	5,849	117,820	Education	121,104	4,417	125,521
8,227	(143)	8,084	Corporate Services	8,676	(607)	8,069
8,440	1,492	9,932	Finance	9,274	1,256	10,530
3,831	2,875	6,706	Economy and Community	5,841	2,591	8,432
77,936	(92)	77,844	Adults, Health and Well-being *	84,940	(1,344)	83,596
3,418	(88)	3,330	Business and Care Commissioning *	2,733	(190)	2,543
27,010	(161)	26,849	Children and Family Support	30,101	(841)	29,260
13,713	4,376	18,089	Highways, Engineering and YGC **	18,220	3,174	21,394
19,161	4,183	23,344	Environment	14,992	4,232	19,224
10,232	5,328	15,560	Housing and Property	11,097	3,763	14,860
2,989	(42)	2,947	Corporate Management Team and Legal	3,194	(131)	3,063
12,635	3,362	15,997	Corporate	13,995	617	14,612
<b>299,563</b>	<b>26,939</b>	<b>326,502</b>	<b>Cost of Services</b>	<b>324,167</b>	<b>16,937</b>	<b>341,104</b>
32,335	(173)	32,162	Other Operating Expenditure	34,904	26	34,930
20,059	(16,682)	3,377	Financing and Investment Income and Expenditure	20,777	(19,419)	1,358
(360,655)	(29,178)	(389,833)	Taxation and Non-specific Grant Income	(387,055)	(41,040)	(428,095)
<b>(8,698)</b>	<b>(19,094)</b>	<b>(27,792)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(7,207)</b>	<b>(43,496)</b>	<b>(50,703)</b>
(118,297)			Opening General Fund Balance	(126,995)		
(8,698)			(Surplus)/Deficit on General Fund in year	(7,207)		
<b>(126,995)</b>			Closing General Fund Balance	<b>(134,202)</b>		

\* Adults, Health and Well-being Department figures for 2024/25 are adjusted, following the establishment of the Business and Care Commissioning Service.

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

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2024/25				2025/26		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Note	£'000	£'000	£'000
154,763	(36,943)	117,820	Education	159,598	(34,077)	125,521
9,167	(1,083)	8,084	Corporate Services	8,895	(826)	8,069
13,446	(3,514)	9,932	Finance	14,339	(3,809)	10,530
109,220	(102,514)	6,706	Economy and Community	60,090	(51,658)	8,432
107,119	(29,275)	77,844	Adults, Health and Well-being *	116,361	(32,765)	83,596
7,044	(3,714)	3,330	Business and Care Commissioning *	5,398	(2,855)	2,543
38,410	(11,561)	26,849	Children and Family Support	42,237	(12,977)	29,260
41,856	(23,767)	18,089	Highways, Engineering and YGC **	41,646	(20,252)	21,394
41,702	(18,358)	23,344	Environment	43,138	(23,914)	19,224
28,546	(12,986)	15,560	Housing and Property	28,007	(13,147)	14,860
4,488	(1,541)	2,947	Corporate Management Team and Legal	4,063	(1,000)	3,063
44,237	(28,240)	15,997	Corporate	38,844	(24,232)	14,612
<b>599,998</b>	<b>(273,496)</b>	<b>326,502</b>	<b>Cost of Services</b>	<b>562,616</b>	<b>(221,512)</b>	<b>341,104</b>
32,335	(173)	32,162	Other Operating Expenditure	34,930	0	34,930
6,250	(2,873)	3,377	Financing and Investment Income and Expenditure	5,363	(4,005)	1,358
0	(389,833)	(389,833)	Taxation and Non-specific Grant Income	0	(428,095)	(428,095)
<b>638,583</b>	<b>(666,375)</b>	<b>(27,792)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>602,909</b>	<b>(653,612)</b>	<b>(50,703)</b>
		(40,307)	(Surplus)/Deficit on revaluation of Fixed Assets	23.1		(11,982)
		(276)	(Surplus)/Deficit on revaluation of Financial Instruments	23.3		(307)
		1,083	Remeasurements of the net pension defined benefit liability/(asset)	23.5		11,238
		<b>(39,500)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(1,051)</b>
		<b>(67,292)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(51,754)</b>

\* Adults, Health and Well-being Department figures for 2024/25 are adjusted, following the establishment of the Business and Care Commissioning Service.

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

## MOVEMENT IN RESERVES STATEMENT

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

	Additional Information			Statement of Movement in Reserves					
	Unearmarked General Fund Balance	Earmarked General Fund Reserves	Total Reserves held by Schools	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance 31 March 2024 carried forward</b>	(7,912)	(101,843)	(8,542)	(118,297)	(2,320)	(7,739)	(128,356)	(397,052)	(525,408)
<b>Movement in reserves during 2024/25</b>									
Total Comprehensive Income and Expenditure	(27,792)	0	0	(27,792)	0	0	(27,792)	(39,500)	(67,292)
Adjustments between accounting basis and funding basis under regulations	19,094	0	0	19,094	(286)	(320)	18,488	(18,488)	0
<b>(Increase)/Decrease in 2024/25</b>	(8,698)	0	0	(8,698)	(286)	(320)	(9,304)	(57,988)	(67,292)
Transfers to/from Earmarked Reserves	8,698	(8,958)	260	0	0	0	0	0	0
<i>(Increase)/Decrease in 2024/25 (showing transfers to Earmarked Reserves)</i>	0	(8,958)	260	(8,698)	(286)	(320)	(9,304)	(57,988)	(67,292)
<b>Balance 31 March 2025 carried forward</b>	(7,912)	(110,801)	(8,282)	(126,995)	(2,606)	(8,059)	(137,660)	(455,040)	(592,700)
<b>Movement in reserves during 2025/26</b>									
Adjustments to the opening balance	0	0	0	0	0	0	0	(112)	(112)
Total Comprehensive Income and Expenditure	(50,703)	0	0	(50,703)	0	0	(50,703)	(1,051)	(51,754)
Adjustments between accounting basis and funding basis under regulations	43,496	0	0	43,496	50	3,281	46,827	(46,827)	0
<b>(Increase)/Decrease in 2025/26</b>	(7,207)	0	0	(7,207)	50	3,281	(3,876)	(47,990)	(51,866)
Transfers to/from Earmarked Reserves	607	(1,784)	1,177	0	0	0	0	0	0
<i>(Increase)/Decrease in 2025/26 (showing transfers to Earmarked Reserves)</i>	(6,600)	(1,784)	1,177	(7,207)	50	3,281	(3,876)	(47,990)	(51,866)
<b>Balance 31 March 2026 carried forward</b>	(14,512)	(112,585)	(7,105)	(134,202)	(2,556)	(4,778)	(141,536)	(503,030)	(644,566)

## BALANCE SHEET

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

31 March 2025		Note	31 March 2026
£'000			£'000
661,220	Property, Plant and Equipment	15	716,777
60	Heritage Assets		60
165	Investment Property	16	165
2,086	Surplus Assets	15	2,062
17	Long-Term Investments	17	17
6,861	Long-Term Debtors	17&18	8,301
<b>670,409</b>	<b>Long-Term Assets</b>		<b>727,382</b>
86,873	Short-Term Investments	17	47,279
217	Assets Held for Sale	20	217
1,469	Inventories		1,744
116,480	Short-Term Debtors	18	114,142
66,022	Cash and Cash Equivalents	19	48,726
<b>271,061</b>	<b>Current Assets</b>		<b>212,108</b>
(23,994)	Bank Overdraft	19	(9,566)
(4,441)	Short-Term Borrowing	17	(4,858)
(185,635)	Short-Term Creditors	21	(160,465)
(342)	Short-Term Provisions	22	(398)
(8,759)	Capital and Revenue Grants Receipts in Advance	32	(12,668)
<b>(223,171)</b>	<b>Current Liabilities</b>		<b>(187,955)</b>
(4,060)	Long-Term Creditors	21	(5,011)
(8,607)	Long-Term Provisions	22	(9,319)
(90,138)	Long-Term Borrowing	17	(69,387)
(15,224)	Pension Liability	38	(16,977)
(4,655)	Lease Liabilities	35&41	(5,789)
(2,915)	Capital and Revenue Grants Receipts in Advance	32	(486)
<b>(125,599)</b>	<b>Long-Term Liabilities</b>		<b>(106,969)</b>
<b>592,700</b>	<b>Net Assets</b>		<b>644,566</b>
(137,660)	Usable Reserves		(141,536)
(455,040)	Unusable Reserves	23	(503,030)
<b>(592,700)</b>	<b>Total Reserves</b>		<b>(644,566)</b>

## CASH FLOW STATEMENT

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

<b>2024/25</b>	<b>Note</b>	<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
(27,792) Net (Surplus)/Deficit on Provision of Services		(50,703)
(25,458) Adjustments to net surplus or deficit on the provision of services for non-cash movements	24a	(5,116)
468 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24b	292
<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (52,782) Net Cash Flows from Operating Activities		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (55,527)
45,137 Investing Activities	25	39,326
965 Financing Activities	26a	19,069
<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (6,680) Net (increase)/decrease in cash and cash equivalents		<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> 2,868
(35,348) Cash and cash equivalents at the beginning of the reporting period		(42,028)
<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> <b>(42,028) Cash and cash equivalents at the end of the reporting period</b>	19	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> <b>(39,160)</b>

# **NOTES TO THE ACCOUNTS**

## **NOTE I – ACCOUNTING POLICIES**

### **I.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* supported by International Financial Reporting Standards (IFRS).

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

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

### **I.2 Accruals of Expenditure and Income**

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

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

### **I.3 Cash and Cash Equivalents**

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

### **I.4 Contingent Assets / Contingent Liabilities**

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

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

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.5 Corporate**

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

### **1.6 Employee Benefits**

#### **1.6.1 Benefits Payable During Employment**

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

#### **1.6.2 Termination Benefits**

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

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

#### **1.6.3 Post-Employment Benefits**

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

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

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

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

#### **1.6.4 The Local Government Pension Scheme**

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

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

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

## NOTE I – ACCOUNTING POLICIES (continued)

Liabilities are discounted to their value at current prices, using a discount rate of 6.30% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

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

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

Service cost comprising:

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

Remeasurements comprising:

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

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

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.6.5 Discretionary Benefits**

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

### **1.7 Events After the Reporting Period**

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

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

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

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

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

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

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

### **1.9 Financial Instruments**

#### **Financial Liabilities**

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

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

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

#### **Financial Assets**

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

- amortised cost, and

## **NOTE I – ACCOUNTING POLICIES (continued)**

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

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

### **Financial Assets Measured at Amortised Cost**

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

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

### **Expected Credit Loss Model**

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

### **Financial Assets Measured at Fair Value Through Other Comprehensive Income**

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

### **Financial Assets Measured at Fair Value through Profit and Loss**

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

### **Fair Value Measurements of Financial Assets**

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

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

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

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

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

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

### **1.10 Government Grants and Other Contributions**

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

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

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

### **1.11 Heritage Assets**

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

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

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

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

### **1.12 Inventories and Long-Term Contracts**

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

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

### **1.13 Investment Property**

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

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

### **1.14 Leases**

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

#### **The Council as Lessee:**

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

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

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

#### **The Council as Lessor:**

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

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

### **1.15 Surplus Assets**

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

### **1.16 Overheads and Support Services**

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

### **1.17 Long-Term Assets**

The Council's assets as recorded on the Property Services database are revalued at least every five years. Since the 2015/16 financial year, the Council has established a rolling programme for re-valuing different categories of these assets annually, with valuation usually effective on 31 March each year. This is in accordance with the Code and the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

## **NOTE I – ACCOUNTING POLICIES (continued)**

Land and Buildings are shown at fair value, this includes Existing Use Value (EUV) for many items or Depreciated Replacement Cost (DRC) for specialised properties.

In addition, from 1 April 2025 the Code has now included the requirement to apply annual indexation in between the five year full revaluation. For assets, where the Council is unable to obtain appropriate indices, they continue to be revalued every five years, but with an additional desktop revaluation in the third year of the cycle. The Council's Estates Manager (M.R.I.C.S.) reviews the appropriate indices to be used.

Investment Properties are shown at fair value.

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

Infrastructure and community assets are shown at depreciated historical cost.

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

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

Expenditure in year on new and existing assets is added annually.

### **Impairment and Depreciation**

#### **Impairment**

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

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

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

#### **Depreciation**

The main element of IAS 16 is that buildings must be depreciated if they are not valued each year. In addition, each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. A de minimis threshold, below which assets are disregarded for componentisation purposes, needs to be established, which is based on potential material impacts on the financial statements. For the 2025/26 financial year this has been set at 1% of the total value of the buildings at the beginning of the year. The apportionment to be considered for the non-land element of assets above the de minimis threshold is:

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

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

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

## NOTE I – ACCOUNTING POLICIES (continued)

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

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

Depreciation is not charged in the year of acquisition.

### Minimum Revenue Provision

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

The four MRP options available are:

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

*NB This does not preclude other prudent methods.*

MRP in 2025/26: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Council chooses).

The MRP Statement was submitted to Council before the start of the 2025/26 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

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

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

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

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

### 1.18 Council Tax and National Non-Domestic Rates

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

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

### 1.19 Provisions

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

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

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

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

### **1.20 Reserves (and Balances)**

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

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

### **1.21 Revenue Expenditure Funded from Capital Under Statute**

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

### **1.22 Value Added Tax**

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

### **1.23 Debtors and Creditors**

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

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

### **1.24 Allocation of Interest and Receivable Dividends**

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

### **1.25 Borrowing Costs**

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

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

### **1.26 Interest in Companies and Other Entities**

The Council has interests in companies and other entities which are required to be included in the financial statement. From 1 April 2026 there has been a change to the status of the North Wales Economic Ambition Board as it has been incorporated as part of the North Wales Corporate Joint Committee, therefore does not have to be included as a joint committee within the financial statements of the Council for 2025/26.

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

- GwE
- North Wales Residual Waste Treatment Project

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

### **1.27 Current Assets Held for Sale**

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

### **1.28 Disposal of Assets**

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

### **1.29 Capital Receipts**

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

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

### **1.30 Service Concession Arrangements**

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

### **1.31 Joint Operations**

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

## **NOTE 1 – ACCOUNTING POLICIES (continued)**

### **1.32 Schools**

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

### **1.33 Fair Value Measurement of Non-Financial Assets**

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

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

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

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

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

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

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

### **1.34 Other Policies**

Cyngor Gwynedd has policies in respect of the following, but they are not considered material for the 2025/26 financial year:

- Intangible Assets
- Foreign Currency Conversion.

## **NOTE 2 – CHANGE IN ACCOUNTING POLICY**

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **NOTE 3 – PRIOR PERIOD ADJUSTMENTS**

There is no prior period adjustment applicable to the 2025/26 accounts.

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2026/27 Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The Code requires implementation from 1 April 2026 and therefore there is no impact on the 2025/26 Statement of Accounts. It is not anticipated that the other items above will have a significant impact on the information provided in the 2026/27 financial statements.

## **NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to revenue and capital grants. This issue forms an important part of the Council's continually revised financial strategy, and where all known and forecasted factors are given due consideration. Economic instability and financial risks continue in the UK and globally, especially considering the situation in the Middle East that has increased energy and fuel prices, and therefore is pushing up overall inflation. Whilst inflation levels are still higher than the 2% target at present. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision.

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

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

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

The following items in the Council's Balance Sheet at 31 March 2026 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over their useful life in accordance with standard accounting and associated practices. The current economic climate brings with it uncertainties for councils in their ability to sustain the necessary spending on repair and maintenance. This obviously would have implications on asset life. Land and buildings are revalued at least every five years, and since 2015/16 a rolling programme of revaluation has been introduced. Also, assets not formally revalued in the current year are subject to indexation. Judgements often need to be reached as part of the revaluation and impairment assessment process. This brings with it uncertainties, and assumptions have to be made and responded to accordingly.	Any difference between the depreciation applied and actual deterioration to assets will be naturally reflected in future spending patterns. Where necessary, any resultant long-term implications will be incorporated into our financial strategy. Information relating to Property, Plant and Equipment is included in Note 15.
Provisions	There are provisions included within these accounts, the basis of which have been individually assessed from the latest information available, as detailed in Note 22, and include provisions for Waste Sites. The accuracy of the provisions cannot be confirmed until such matters are concluded.	If the provisions are inadequate, the additional costs will be funded from revenue or reserves.
Pension Liability	Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries are involved in giving expert advice to the Council about the assumptions to be used.  In the past Brexit and Covid had negative effects on the UK economy and pension asset values. Economic instability and financial risks continue in the UK and globally, especially considering the situation in the Middle East that has increased energy and fuel prices, and so is pushing up overall inflation. Whilst inflation levels are still higher than target and interest rates are relatively high but are stable, the market is cautious but stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation.	The effects on the net pension liability of changes in individual assumptions are set out in Notes 37 and 38.
Impairment Loss Allowance	There is a level of doubtful debt impairment built into the accounts that is based on a specific policy. A specific impairment level policy in respect of doubtful debts is contained within the accounts. The impairment level is reviewed regularly in order to respond to any changes in the economic climate and necessary action taken as appropriate within the accounts to respond accordingly. At 31 March 2026, the Council had a net debtors balance of £122m (Note	If the impairment loss allowance is inadequate, the additional funding will come from revenue or reserves.

	18a), and this balance is net of the doubtful debts impairment of £8m.	
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## NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:

- The depreciation value of the Council's assets is £23m (Note 15).
- As a result of Central Government schemes including the Levelling Up Fund, significant grants have been received during 2025/26, which contributed to the significant revenue expenditure funded from capital under statute, which is £19m (Note 34), whilst the associated grant income to fund such expenditure is (£16m) (Note 32).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), the net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £12m (Note 23.1).
- (£11m) on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).

## NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<u>2025/26</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>					
	<b>Adjustments for Capital Purposes (i)</b>	<b>Net change for the Pensions Adjustments (ii)</b>	<b>Other Differences (iii)</b>	<b>Total Statutory Adjustments</b>	<b>Other (Non-statutory) Adjustments (iv)</b>	<b>Total Adjustments</b>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Education	7,618	(3,201)	0	4,417	0	4,417
Corporate Services	21	(628)	0	(607)	0	(607)
Finance	1,607	(351)	0	1,256	0	1,256
Economy and Community	2,962	(371)	0	2,591	0	2,591
Adults, Health and Well-being	549	(1,815)	0	(1,266)	(78)	(1,344)
Business and Care Commissioning	0	(190)	0	(190)	0	(190)
Children and Family Support	105	(946)	0	(841)	0	(841)
Highways, Engineering and YGC *	4,979	(1,805)	0	3,174	0	3,174
Environment	5,072	(840)	0	4,232	0	4,232
Housing and Property	4,183	(420)	0	3,763	0	3,763
Corporate Management Team and Legal	12	(143)	0	(131)	0	(131)
Corporate	0	729	(308)	421	196	617
<b>Cost of Services</b>	<b>27,108</b>	<b>(9,981)</b>	<b>(308)</b>	<b>16,819</b>	<b>118</b>	<b>16,937</b>
Other Operating Expenditure	26	0	0	26	0	26
Financing and Investment Income and Expenditure	(17,585)	607	(2,323)	(19,301)	(118)	(19,419)
Taxation and non-specific grant income	(41,040)	0	0	(41,040)	0	(41,040)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(31,491)</b>	<b>(9,374)</b>	<b>(2,631)</b>	<b>(43,496)</b>	<b>0</b>	<b>(43,496)</b>

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

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

<u>2024/25</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>					
	<u>Adjustments for Capital Purposes (i)</u>	<u>Net change for the Pensions Adjustments (ii)</u>	<u>Other Differences (iii)</u>	<u>Total Statutory Adjustments</u>	<u>Other (Non-statutory) Adjustments (iv)</u>	<u>Total Adjustments</u>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Education	7,688	(1,839)	0	5,849	0	5,849
Corporate Services	28	(171)	0	(143)	0	(143)
Finance	1,704	(212)	0	1,492	0	1,492
Economy and Community	3,032	(157)	0	2,875	0	2,875
Adults, Health and Well-being *	474	(488)	0	(14)	(78)	(92)
Business and Care Commissioning *	0	(88)	0	(88)	0	(88)
Children and Family Support	83	(244)	0	(161)	0	(161)
Highways, Engineering and YGC **	4,937	(561)	0	4,376	0	4,376
Environment	4,445	(262)	0	4,183	0	4,183
Housing and Property	5,478	(150)	0	5,328	0	5,328
Corporate Management Team and Legal	8	(50)	0	(42)	0	(42)
Corporate	0	361	2,865	3,226	136	3,362
<b>Cost of Services</b>	<b>27,877</b>	<b>(3,861)</b>	<b>2,865</b>	<b>26,881</b>	<b>58</b>	<b>26,939</b>
Other Operating Expenditure	(173)	0	0	(173)	0	(173)
Financing and Investment Income and Expenditure	(17,171)	754	(207)	(16,624)	(58)	(16,682)
Taxation and non-specific grant income	(29,178)	0	0	(29,178)	0	(29,178)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(18,645)</b>	<b>(3,107)</b>	<b>2,658</b>	<b>(19,094)</b>	<b>0</b>	<b>(19,094)</b>

\* Adults, Health and Well-being Department figures for 2024/25 are adjusted, following the establishment of the Business and Care Commissioning Service.

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

**(i) Adjustments for Capital Purposes**

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

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

### (ii) Net Change for the Pensions Adjustments

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

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

### (iii) Other Differences

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

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

### (iv) Other (Non-statutory) Adjustments

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

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

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

2025/26	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>				
<b>Adjustments to the Revenue Resources</b>				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	9,374	0	0	(9,374)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	1,993	0	0	(1,993)
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	493	0	0	(493)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	13,906	0	0	(13,906)
<b>Total Adjustments to Revenue Resources</b>	<b>25,766</b>	<b>0</b>	<b>0</b>	<b>(25,766)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	145	(437)	0	292
Revenue provision for the financing of supported capital investment	3,753	0	0	(3,753)
Revenue provision for the financing of unsupported capital investment	3,236	0	0	(3,236)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10,596	0	0	(10,596)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>17,730</b>	<b>(437)</b>	<b>0</b>	<b>(17,293)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	487	0	(487)
Application of capital grants to finance capital expenditure	0	0	3,281	(3,281)
Cash payments in relation to deferred capital receipts	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>487</b>	<b>3,281</b>	<b>(3,768)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>43,496</b>	<b>50</b>	<b>3,281</b>	<b>(46,827)</b>

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

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

## NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES

### School Balances

This sum is represented by the element of balances released under the delegation of budgets directly to schools which remained unspent at the end of the financial year, and is a net decrease of £1.2m as compared to the balance on 31 March 2025:

<b>2025/26</b>	<b>Balance</b>	<b>Transfers</b>			<b>Balance</b>
	<b>31 March 2025 £'000</b>	<b>between reserves £'000</b>	<b>in £'000</b>	<b>out £'000</b>	<b>31 March 2026 £'000</b>
School Balances	8,282	0	1,160	(2,337)	7,105
<b>Total</b>	<b>8,282</b>	<b>0</b>	<b>1,160</b>	<b>(2,337)</b>	<b>7,105</b>

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

### Earmarked Reserves

The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26, with a net increase of £1.8m since the position at 31 March 2025.

Note	2025/26	Balance	Transfers		Balance	
		31 March	between reserves	in	out	31 March
		2025				2026
		£'000	£'000	£'000	£'000	£'000
10.1	Renewals Reserves	3,970	0	3,885	(5,162)	2,693
10.2	Schools Digital Strategy Renewal Reserve	2,000	0	0	0	2,000
10.3	Capital Reserves	26,805	0	541	8,662	36,008
10.4	Insurance Reserves	1,299	0	686	(861)	1,124
10.5	Service Fund	2,605	324	1,057	(598)	3,388
10.6	Convergence Programme Fund	476	0	0	(9)	467
10.7	Redundancy Costs to Realise Savings Reserve	1,813	(38)	0	(70)	1,705
10.8	Central Training	2,063	0	70	(653)	1,480
10.9	Education Services Reserves	4,043	0	602	(2)	4,643
10.10	Economy and Community Reserves	512	0	143	(17)	638
10.11	Highways, Engineering and YGC	4,178	(24)	110	(254)	4,010
10.12	Environment Reserves	1,042	44	4,091	(1,683)	3,494
10.13	Housing and Property Reserves	1,654	0	2,250	(343)	3,561
10.14	Care Reserves	699	0	141	(173)	667
10.15	Business Transformation Funds	831	0	0	0	831
10.16	Invest to Save Fund – Carbon Reduction Plan	564	0	0	(564)	0
10.17	Transformation / Council Plan	11,564	0	1,252	(2,800)	10,016
10.18	Committed Revenue Grant Fund	1,570	(21)	408	(267)	1,690
10.19	Housing Water and Sewerage Service Fund	94	0	0	(81)	13
10.20	Housing Environmental Warranty	480	0	0	0	480
10.21	Information Technology Reserve	921	(302)	70	101	790
10.22	Supporting the Financial Strategy Reserve	18,924	(3,589)	7,232	(9,776)	12,791
10.23	Partnering Arrangements	80	0	133	(68)	145
10.24	North Wales Economic Ambition Board	978	0	0	(978)	0
10.25	Council Tax Premium Reserve	17,417	2,089	8,959	(13,378)	15,087
10.26	Digital Strategy Fund	670	38	0	(133)	575
10.27	Shared Prosperity Scheme Fund	2,791	0	1,007	(1,783)	2,015
10.28	Dangerous Buildings Protection Fund	0	1,500	0	0	1,500
10.29	Various Other Reserves	758	(21)	55	(18)	774
	<b>Total</b>	<b>110,801</b>	<b>0</b>	<b>32,692</b>	<b>(30,908)</b>	<b>112,585</b>

The earmarked reserves closing balance as at 31 March 2026 does not reflect the level of commitments against them. Details are given below of the Council's main specific reserves.

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

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

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

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

## NOTE 11 – OTHER OPERATING EXPENDITURE

2024/25 £'000		2025/26 £'000
	<b>Precepts</b>	
19,619	North Wales Police & Crime Commissioner	21,154
3,116	Community Councils	3,443
22,735		24,597
	<b>Levies</b>	
8,295	North Wales Fire Authority	8,919
1,059	Eryri National Park Authority	1,112
125	Local Drainage Boards	131
121	North Wales Corporate Joint Committee	145
9,600		10,307
(173)	(Gains)/losses on the disposal and de-recognition of non-current assets	26
<b>32,162</b>	<b>Total</b>	<b>34,930</b>

## NOTE 12 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25 £'000		2025/26 £'000
5,554	Interest payable and similar charges	4,875
754	Net interest on the net pension defined benefit liability/(asset)	606
(2,872)	Interest receivable and similar income	(1,717)
0	(Gains)/losses arising from the derecognition of financial assets/liabilities	(2,287)
(58)	Adjustments to provisions	(118)
(1)	Adjustments to the fair value of financial instruments	(1)
<b>3,377</b>	<b>Total</b>	<b>1,358</b>

## NOTE 13 – TAXATION AND NON-SPECIFIC GRANT INCOME

2024/25 £'000		Note	2025/26 £'000
(127,339)	Council Tax Income	13a	(138,665)
(43,364)	Non-Domestic Rates	13b	(43,521)
(189,952)	Non-ring-fenced Government Grants	32	(204,869)
(29,178)	Capital Grants and Contributions	32	(41,040)
<b>(389,833)</b>	<b>Total</b>		<b>(428,095)</b>

## NOTE 13a - COUNCIL TAX

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

The Council Tax Base for 2025/26 was calculated as follows:

<b>CALCULATION OF THE COUNCIL TAX BASE FOR 2025/26</b>			
<b>Valuation Bands</b>	<b>Number of Properties following discounts and premiums</b>	<b>Statutory Multiplier</b>	<b>Equivalent Band D properties</b>
A*	9	5/9	4.86
A	8,177	6/9	5,451.36
B	14,324	7/9	11,140.72
C	12,003	8/9	10,669.43
D	10,602	1	10,602.15
E	8,314	11/9	10,161.20
F	4,323	13/9	6,243.61
G	1,446	15/9	2,409.17
H	261	18/9	522.50
I	90	21/9	209.42
		<b>Total</b>	<u>57,414.42</u>
		<b>Council Tax base after allowing for losses on collection</b>	<u>56,842.05</u>

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

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
(128,161)	Council Tax raised	(139,586)
822	Less Increase in the impairment allowance for non-collection	921
<u>(127,339)</u>		<u>(138,665)</u>

## NOTE 13b - NATIONAL NON-DOMESTIC RATES

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

The Government sets the National Non-Domestic rate for the year (56.8p in 2025/26) which is then multiplied by the rateable value of the property. Subject to the effects of transitional arrangements and some other reductions, this is the amount payable by the ratepayer.

At the end of the 2025/26 financial year there were 9,724 properties on the local valuation list in Gwynedd, representing a rateable value of £113,801,825.

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

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
(45,165)	National Non-domestic Rate raised	(40,799)
480	Cost of Collection allowance	460
472	Provision for Bad Debts	529
87	Interest	75
44,126	Sum paid to the National Pool	39,735
0		0
(43,364)	Receipts from the National Pool	(43,521)
<b>(43,364)</b>	<b>Net Income from Non-Domestic Rates</b>	<b>(43,521)</b>

## NOTE 14 – BUILDING CONTROL INCOME AND EXPENDITURE ACCOUNT

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

The account is expected to break-even over a three-year rolling period, and this requirement is reviewed annually. There was a loss in 2025/26, therefore an accumulated loss over a period of three years is reported.

<b>2025/26</b>	<b>£'000</b>
Total charges income received (excluding VAT)	(360)
Total charges expenditure incurred	428
(Surplus)/Deficit for 2025/26	68
(Surplus)/Deficit for 2024/25	48
(Surplus)/Deficit for 2023/24	36
<b>(Surplus)/Deficit for the last three years</b>	<b>152</b>

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

### Movements on Property, Plant and Equipment Balances

Movements in 2025/26:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Right of Use Assets £'000	Total Property, Plant and Equipment £'000
<b>Value</b>							
Balance at 31.03.25	454,256	52,692	384	2,085	1,098	5,306	515,821
Additions	30,680	9,393	0	88	9,701	2,819	52,681
Sales	(290)	(5,744)	0	0	0	0	(6,034)
Transfers	(17,900)	0	0	(84)	452	17,532	0
Revaluation - to Revaluation Reserve	(2,064)	0	(3)	1	0	(522)	(2,588)
Revaluation - to Services	(799)	0	0	(29)	0	0	(828)
<b>Balance at 31.03.26</b>	<b>463,883</b>	<b>56,341</b>	<b>381</b>	<b>2,061</b>	<b>11,251</b>	<b>25,135</b>	<b>559,052</b>
<b>Depreciation</b>							
Balance at 31.03.25	1,989	24,341	6	(1)	0	640	26,975
Depreciation in year	8,717	6,262	7	14	0	1,193	16,193
Sales	(13)	(5,704)	0	0	0	0	(5,717)
Transfers	(127)	0	0	0	6	121	0
Revaluation	(9,934)	0	(14)	(14)	0	(525)	(10,487)
<b>Balance at 31.03.26</b>	<b>632</b>	<b>24,899</b>	<b>(1)</b>	<b>(1)</b>	<b>6</b>	<b>1,429</b>	<b>26,964</b>
<b>Impairment</b>							
Balance at 31.03.25	10,955	20	1	0	0	0	10,976
Impairment in year - to Revaluation Reserve	0	0	0	0	0	0	0
Impairment in year - to Services	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0
Transfers	(323)	0	0	0	323	0	0
Revaluation	(4,082)	0	0		0	(1)	(4,083)
<b>Balance at 31.03.26</b>	<b>6,550</b>	<b>20</b>	<b>1</b>	<b>0</b>	<b>323</b>	<b>(1)</b>	<b>6,893</b>
<b>Net Book Value</b>	<b>456,701</b>	<b>31,422</b>	<b>381</b>	<b>2,062</b>	<b>10,922</b>	<b>23,707</b>	<b>525,195</b>
<b>31 March 2026</b>							
<b>Net Book Value</b>	<b>441,312</b>	<b>28,331</b>	<b>377</b>	<b>2,086</b>	<b>1,098</b>	<b>4,666</b>	<b>477,870</b>
<b>31 March 2025</b>							

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Comparative Movements in 2024/25:

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

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

### Infrastructure

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

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

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

	2024/25	2025/26
	£'000	£'000
<b>Net Book Value at 1 April</b>	<b>180,963</b>	<b>185,436</b>
Additions	11,380	15,399
Derecognition	0	0
Depreciation	(6,907)	(7,191)
<b>Net Book Value at 31 March</b>	<b>185,436</b>	<b>193,644</b>

### Net Book Value - Property, Plant and Equipment Assets

	2024/25	2025/26
	£'000	£'000
<b>Property, Plant and Equipment Assets</b>		
Infrastructure	185,436	193,644
Other PPE Assets	477,870	525,195
<b>Total Net at 31 March</b>	<b>663,306</b>	<b>718,839</b>

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

### Capital Commitments

Significant commitments (over £200k) under capital contracts at 31 March 2026 were as follows:

	<b>Sum</b>	<b>Payments to date</b>	<b>Balance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Our Lady's School, Bangor	7,248	6,124	1,124
Development at Coed Mawr Bangor	2,819	2,088	731
Dolfeurig Centre	3,886	2,524	1,362
Industrial/Business Units - Parc Eryri	2,733	1,057	1,676

## NOTE 16 – INVESTMENT PROPERTIES

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from investment property	7	7
Net gain/(loss)	<b>7</b>	<b>7</b>

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

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance 1 April</b>	<b>165</b>	<b>165</b>
Disposals	0	0
Net gains/(losses) from fair value adjustments	0	0
<u>Transfers:</u>		
(to)/from Property, Plant and Equipment	0	0
<b>Balance 31 March</b>	<b>165</b>	<b>165</b>

## **NOTE 17a – FINANCIAL INSTRUMENTS**

### **(i) Financial Instruments - Classifications**

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

#### **Financial Liabilities**

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

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

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

#### **Financial Assets**

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

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

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

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

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

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

- money market funds

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

## NOTE 17a – FINANCIAL INSTRUMENTS (continued)

### (ii) Financial Instruments - Balances

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

Financial Liabilities	Long-Term		Short-Term	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£'000	£'000	£'000	£'000
<i>Loans at amortised cost:</i>				
Principal sum borrowed	90,138	69,387	4,018	4,551
Accrued interest	0	0	423	307
<b>Total Borrowing</b>	<b>90,138</b>	<b>69,387</b>	<b>4,441</b>	<b>4,858</b>
<i>Loans at amortised cost:</i>				
Bank overdraft	0	0	23,994	9,566
<b>Total Cash Overdrawn</b>	<b>0</b>	<b>0</b>	<b>23,994</b>	<b>9,566</b>
<i>Liabilities at amortised cost:</i>				
Leases	4,655	5,441	0	0
<b>Total Other Long-Term Liabilities</b>	<b>4,655</b>	<b>5,441</b>	<b>0</b>	<b>0</b>
<i>Liabilities at amortised cost:</i>				
Trade payables	0	0	62,059	70,811
Leases	0	0	837	739
<b>Included in Creditors *</b>	<b>0</b>	<b>0</b>	<b>62,896</b>	<b>71,550</b>
<b>Total Financial Liabilities</b>	<b>94,793</b>	<b>74,828</b>	<b>91,331</b>	<b>85,974</b>

\* The creditors lines on the Balance Sheet include £93,926,000 (2024/25: £126,799,000) creditors (Note 21) that do not meet the definition of a financial liability.

## NOTE 17a – FINANCIAL INSTRUMENTS (continued)

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

Financial Assets	Long-Term		Short-Term	
	31 March	31 March	31 March	31 March
	2025	2026	2025	2026
	£'000	£'000	£'000	£'000
<i>At amortised cost:</i>				
Principal	17	17	74,955	35,071
Accrued interest	0	0	57	39
Loss allowance	0	0	(1)	0
<i>At fair value through other comprehensive income:</i>				
Equity investments elected FVOCI	0	0	11,862	12,169
<b>Total Investments</b>	<b>17</b>	<b>17</b>	<b>86,873</b>	<b>47,279</b>
<i>At amortised cost:</i>				
Principal	0	0	1,007	1,219
Accrued interest	0	0	15	7
Loss allowance	0	0	0	0
<i>At fair value through profit and loss:</i>				
Fair value	0	0	65,000	47,500
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>66,022</b>	<b>48,726</b>
<i>At amortised cost:</i>				
Trade receivables	6,861	8,301	28,527	20,555
<b>Included in Debtors *</b>	<b>6,861</b>	<b>8,301</b>	<b>28,527</b>	<b>20,555</b>
<b>Total Financial Assets</b>	<b>6,878</b>	<b>8,318</b>	<b>181,422</b>	<b>116,560</b>

\* The debtors lines on the Balance Sheet include £101,888,000 (2024/25: £87,953,000) debtors (Note 18) that do not meet the definition of a financial asset.

### Material Soft Loans

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

The fair values of such a soft loan are less than the amount of the cash lent. The fair value of a loan at nil interest rate or below the prevailing market rate is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. The sum by which the amount lent exceeds the fair value of the loan is charged to the Income and Expenditure Statement. The 2025/26 Code of Practice sets out specific accounting and disclosure requirements for soft loans. During 2025/26 Cyngor Gwynedd identified the following “soft loans”:

- Deferred Payments on charges due from people under care (amount outstanding at 31.03.26 £4,466,050, 31.03.25 £3,387,152).
- Car and Bike Loans to employees (amount outstanding at 31.03.26 £1,531,651, 31.03.25 £1,369,926).

## NOTE 17a – FINANCIAL INSTRUMENTS (continued)

### Equity instruments elected to fair value through other comprehensive income

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

	Fair Value		Dividends	
	31 March	31 March	2024/25	2025/26
	2025	2026	2024/25	2025/26
	£'000	£'000	£'000	£'000
CCLA LAMIT Property Fund	4,237	4,237	215	197
Ninety One Diversified Income Fund	1,111	1,124	56	50
Schroder Income Maximiser Fund	3,360	3,612	233	256
Aegon Diversified Monthly Income Fund	1,152	1,247	64	68
Payden Absolute Return Bond Fund	2,002	1,949	121	106
<b>TOTAL</b>	<b>11,862</b>	<b>12,169</b>	<b>689</b>	<b>677</b>

### Offsetting Financial Assets and Liabilities

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

	31 March 2025			31 March 2026		
	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet
	£'000	£'000	£'000	£'000	£'000	£'000
Bank accounts in credit	36,469	(36,469)	0	86,822	(86,822)	0
<b>Total Financial Assets</b>	<b>36,469</b>	<b>(36,469)</b>	<b>0</b>	<b>86,822</b>	<b>(86,822)</b>	<b>0</b>
Bank overdraft	(60,463)	36,469	(23,994)	(96,388)	86,822	(9,566)
<b>Total Financial Liabilities</b>	<b>(60,463)</b>	<b>36,469</b>	<b>(23,994)</b>	<b>(96,388)</b>	<b>86,822</b>	<b>(9,566)</b>

## NOTE 17a – FINANCIAL INSTRUMENTS (continued)

### (iii) Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets			
	Amortised Cost	Amortised Cost	Elected to Fair Value through OCI	Fair Value through Profit & Loss	2025/26	2024/25
	£'000	£'000	£'000	£'000	Total £'000	Total £'000
Interest expense	4,875	0	0	0	4,875	5,554
<b>Interest payable and similar charges</b>	<b>4,875</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,875</b>	<b>5,554</b>
Interest income	0	(729)	0	0	(729)	(1,543)
Gains on derecognition	(2,287)	0	0	0	(2,287)	0
Dividend income	0	0	(677)	(311)	(988)	(1,329)
<b>Interest and investment income</b>	<b>(2,287)</b>	<b>(729)</b>	<b>(677)</b>	<b>(311)</b>	<b>(4,004)</b>	<b>(2,872)</b>
Loss allowance	0	(119)	0	0	(119)	(59)
<b>Adjustments to provisions and the fair value of financial instruments</b>	<b>0</b>	<b>(119)</b>	<b>0</b>	<b>0</b>	<b>(119)</b>	<b>(59)</b>
<b>Net impact on surplus/deficit on provision of services</b>	<b>2,588</b>	<b>(848)</b>	<b>(677)</b>	<b>(311)</b>	<b>752</b>	<b>2,623</b>
Gains on revaluation	0	0	0	(360)	(360)	(296)
Losses on revaluation	0	0	0	53	53	20
<b>Impact on other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(307)</b>	<b>(307)</b>	<b>(276)</b>
<b>Net (gain)/loss for the year</b>	<b>2,588</b>	<b>(848)</b>	<b>(677)</b>	<b>(618)</b>	<b>445</b>	<b>2,347</b>

## **NOTE 17a – FINANCIAL INSTRUMENTS (continued)**

### **(iv) Financial Instruments - Fair Values**

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

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

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

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

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

**NOTE 17a – FINANCIAL INSTRUMENTS (continued)**

	Fair Value Level	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
<i>Financial liabilities held at amortised cost:</i>					
Loans from PWLB	2	(77,126)	(79,168)	(73,400)	(74,772)
Other loans	2	(17,453)	(13,347)	(845)	(845)
<b>TOTAL</b>		<b>(94,579)</b>	<b>(92,515)</b>	<b>(74,245)</b>	<b>(75,617)</b>
Liabilities for which fair value is not disclosed *		(91,545)		(86,557)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(186,124)</b>		<b>(160,802)</b>	
<i>Recorded on Balance Sheet as:</i>					
Short-term creditors		(62,059)		(70,811)	
Short-term borrowing		(4,441)		(4,858)	
Short-term cash overdrawn		(23,994)		(9,566)	
Short-term leases		(837)		(739)	
Long-term borrowing		(90,138)		(69,387)	
Long-term leases		(4,655)		(5,441)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(186,124)</b>		<b>(160,802)</b>	

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

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

**NOTE 17a – FINANCIAL INSTRUMENTS (continued)**

	Fair Value Level	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
<i>Financial assets held at fair value:</i>					
Money market funds	1	65,000	65,000	47,500	47,500
Bond, equity and diversified funds	1	7,625	7,625	7,932	7,932
Property funds	2	4,237	4,237	4,237	4,237
<i>Financial assets held at amortised cost:</i>					
Treasury Stock	1	17	17	17	17
<b>TOTAL</b>		<b>76,879</b>	<b>76,879</b>	<b>59,686</b>	<b>59,686</b>
Assets for which fair values are not disclosed *		111,421		65,192	
<b>TOTAL FINANCIAL ASSETS</b>		<b>188,300</b>		<b>124,878</b>	
<i>Recorded on Balance Sheet as:</i>					
Long-term debtors		6,861		8,301	
Long-term investments		17		17	
Short-term debtors		28,527		20,555	
Short-term investments		86,873		47,279	
Cash and cash equivalents		66,022		48,726	
<b>TOTAL FINANCIAL ASSETS</b>		<b>188,300</b>		<b>124,878</b>	

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

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

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

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

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

The main risks covered are:

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

### **Credit Risk: Investments**

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

During 2025/26 a limit of £4m of the total portfolio was placed on the amount that can be invested with a single counterparty (other than UK government). For local authorities, secured investments, money market funds, strategic pooled funds and real estate investment trusts, a limit of £8m per counterparty was applied. No more than £20m in total can be invested for a period longer than one year.

The Council does not hold collateral security against any investments.

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

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

<b>Credit Rating</b>	<b>Short-Term</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2026</b>
	<b>£'000</b>	<b>£'000</b>
AAA (Money Market Funds)	65,000	47,500
AA+	0	0
AA	0	0
AA-	0	0
A+	1,000	1,213
A	5,000	0
A-	0	0
UK Government	44,955	27,071
Local authorities	25,000	8,000
<b>Total (Principal)</b>	<b>140,955</b>	<b>83,784</b>
Pooled funds *	11,862	12,169
<b>Total Investments</b>	<b>152,817</b>	<b>95,953</b>

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

Loss allowances on treasury investments and cash and cash equivalents have been calculated by reference to historic default data published by credit rating agencies, multiplied by 62% (2024/25: 52%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. At 31 March 2026, £426 (£1,231 at 31 March 2025) of loss allowances related to treasury investments.

In addition to treasury investments already made, the Council is exposed to the risk of loss on an undrawn housing association revolving credit facility of £5m (credit rating A-). At 31 March 2026, the loss allowance was £2,174 (£1,051 at 31 March 2025).

**Credit Risk: Trade Receivables**

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

<b>31 March</b>		<b>31 March</b>
<b>2025</b>		<b>2026</b>
<b>£'000</b>		<b>£'000</b>
8,879	Less than a year	7,223
2,743	Over a year	1,870
<b>11,622</b>		<b>9,093</b>

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

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

### Credit Risk: Loans, Financial Guarantees and Loan Commitments

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

### Liquidity Risk

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

The Council holds £48.7m (2024/25: £66.0m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

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

Time to maturity (years)	Discounted (principal plus accrued interest)	Undiscounted (principal plus future interest)	Discounted (principal plus accrued interest)	Undiscounted (principal plus future interest)
	31 March 2025 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2026 £'000
Less than 1 year	4,456	8,995	4,858	8,677
Over 1 but not over 2	4,551	9,361	1,302	5,177
Over 2 but not over 5	2,858	16,407	1,671	13,023
Over 5 but not over 10	23,713	43,925	23,598	39,299
Over 10 but not over 20	15,464	44,294	15,464	36,750
Over 20 but not over 40	27,352	64,362	27,352	48,762
Over 40	16,200	25,429	0	0
<b>Total</b>	<b>94,594</b>	<b>212,773</b>	<b>74,245</b>	<b>151,688</b>

### Market Risk: Interest Rate Risk

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

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

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

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

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

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

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Increase in interest receivable on variable rate investments	(636)	(428)
Decrease in fair value of investments held at FVPL	83	56
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(553)</b>	<b>(372)</b>
Decrease in fair value of investments held at FVOCI	66	67
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>66</b>	<b>67</b>
Decrease in fair value of loans and investments at amortised cost *	35	9
Decrease in fair value of fixed rate borrowing *	(8,738)	(7,634)

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

### Market Risk: Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in commercial property prices at 31 March 2026 would result in a £0.21m (£0.17m at 31 March 2025) charge to Other Comprehensive Income and Expenditure.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in share prices at 31 March 2026 would result in a £0.21m (£0.20m at 31 March 2025) charge to Other Comprehensive Income and Expenditure.

### Market Risk: Foreign Exchange Risk

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

## NOTE 18a – DEBTORS

31 March 2025		31 March 2026
£'000		£'000
26,249	Trade receivables	16,708
4,358	Prepayments	4,446
92,734	Other receivable amounts	101,289
<b>123,341</b>	<b>Total</b>	<b>122,443</b>

The 'Other receivable amounts' figures include long-term debtors of £8,301k (£6,861k in 2024/25). The above debtors' figures are net of impairment losses of £7,890k (£9,134k in 2024/25).

## NOTE 18b - COUNCIL TAX DEBTORS

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

31 March 2025		31 March 2026
£'000		£'000
7,576	Less than one year	7,998
8,638	More than one year	12,885
<b>16,214</b>	<b>Total</b>	<b>20,883</b>

The above Council Tax debtors' figures are net of impairment losses. (Total Council Tax debtors are included within the total of 'Other receivable amounts' in table 18a). The March 2025 figures have been restated to exclude the Credit element from the Debtor balance - (Less than one year £7,212; More than one year £6,768; Total £13,980).

## NOTE 19 – CASH AND CASH EQUIVALENTS

	31 March 2025	31 March 2026
	£'000	£'000
Cash in Hand	7	7
Bank Current Accounts	0	0
Call Accounts	66,015	48,719
<b>Cash and Cash Equivalents</b>	<b>66,022</b>	<b>48,726</b>
Bank Overdraft	(23,994)	(9,566)
<b>Total</b>	<b>42,028</b>	<b>39,160</b>

In order to maximise the returns from short-term investments and cash deposits, the Council invests any surplus funds in its bank accounts along with any surplus funds from the GwE Joint Committee and the Gwynedd Pension Fund. As the short-term investments and cash deposits are made in the name of Cyngor Gwynedd, they are shown in full on the Balance Sheet with a corresponding creditor at 31 March 2026 of £5k to the GwE Joint Committee (£605k at 31 March 2025) and £55.7m to the Gwynedd Pension Fund (£35.4m at 31 March 2025).

## NOTE 20 – ASSETS HELD FOR SALE

	2024/25	2025/26
	£'000	£'000
<b>Balance 1 April</b>	<b>0</b>	<b>217</b>
<u>Assets newly classified as held for sale:</u>		
Property, Plant and Equipment	217	0
Expenditure in year	0	0
Revaluation Losses	0	0
Impairment Losses	0	0
<u>Assets declassified as held for sale:</u>		
Property, Plant and Equipment	0	0
Assets sold	0	0
<b>Balance 31 March</b>	<b>217</b>	<b>217</b>

## NOTE 21 – CREDITORS

	31 March 2025	31 March 2026
	£'000	£'000
Trade payables	62,896	71,550
Other payables	126,799	93,926
<b>Total</b>	<b>189,695</b>	<b>165,476</b>

The 'Other payables' figures include long-term creditors of £5,011k (£4,060k in 2024/25).

## NOTE 22 – PROVISIONS

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

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

	Balance at 31 March 2025 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2026 £'000
<b><u>Short-term Provisions</u></b>				
Waste Sites Provision	(341)	(450)	395	(396)
Loan Commitments	(1)	(1)	0	(2)
	<b>(342)</b>	<b>(451)</b>	<b>395</b>	<b>(398)</b>
<b><u>Long-term Provisions</u></b>				
Waste Sites Provision	(7,137)	(403)	0	(7,540)
Insurance Claims Provision	(1,111)	(298)	0	(1,409)
Salary Provision	(359)	(11)	0	(370)
	<b>(8,607)</b>	<b>(712)</b>	<b>0</b>	<b>(9,319)</b>
<b>Total</b>	<b>(8,949)</b>	<b>(1,163)</b>	<b>395</b>	<b>(9,717)</b>

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

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

**Insurance Claims Provision** – to meet potential insurance claims settlements.

**Salary Provision** – in accordance with the relevant requirements.

## NOTE 23 – UNUSABLE RESERVES

<b>31 March 2025</b>		<b>31 March 2026</b>
<b>£'000</b>		<b>£'000</b>
214,538	Revaluation Reserve	222,084
269,278	Capital Adjustment Account	308,681
(1,138)	Financial Instruments Revaluation Reserve	(831)
(574)	Financial Instruments Adjustment Account	1,419
(15,224)	Pensions Reserve	(16,977)
(11,839)	Accumulated Absences Account	(11,346)
<b>455,041</b>	<b>Total Unusable Reserves</b>	<b>503,030</b>

### 23.1 Revaluation Reserve

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

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

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

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
<b>177,504</b>	<b>Balance 1 April</b>	<b>214,538</b>
46,598	Upward revaluation of assets	18,423
(6,290)	Downward revaluation of assets and impairment losses	(6,441)
<b>40,308</b>	<b>Surplus/(deficit) on revaluation of assets</b>	<b>11,982</b>
(3,274)	Difference between fair value depreciation and historical cost depreciation	(4,188)
0	Accumulated gains on assets sold	(248)
<b>(3,274)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(4,436)</b>
<b>214,538</b>	<b>Balance 31 March</b>	<b>222,084</b>

### 23.2 Capital Adjustment Account

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

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

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

## NOTE 23 – UNUSABLE RESERVES (continued)

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

2024/25		2025/26
£'000		£'000
248,102	<b>Balance 1 April</b>	269,278
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
(25,294)	Charges for depreciation and impairment of non-current assets	(24,212)
(40,767)	Revenue Expenditure funded from Capital under Statute	(19,150)
(294)	Adjustment to non-current balance on the sale of assets	(69)
3,274	Transfer from Capital Revaluation Reserve	4,188
	<u>Capital financing applied in the year:</u>	
43	Capital Receipts	487
67,043	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	60,574
3,456	Revenue provision for the financing of supported capital investment	3,753
11,480	Capital expenditure charged in year against the General Fund	10,597
2,235	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	3,235
<b>269,278</b>	<b>Balance 31 March</b>	<b>308,681</b>

### 23.3 Financial Instruments Revaluation Reserve

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

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

2024/25		2025/26
£'000		£'000
(1,414)	<b>Balance 1 April</b>	(1,138)
296	Upward revaluation of investments	360
(20)	Downward revaluation of investments	(53)
<b>(1,138)</b>	<b>Balance 31 March</b>	<b>(831)</b>

\* 2024/25 figures have been re-categorised to ensure comparison with 2025/26.

### 23.4 Financial Instruments Adjustment Account

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

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

## NOTE 23 – UNUSABLE RESERVES (continued)

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

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

2024/25 £'000		2025/26 £'000
(625)	<b>Balance 1 April</b>	(574)
61	Proportion of premiums incurred in previous years charged to General Fund in accordance with statute	2,119
(10)	Deferred credit for receipt of charges due from people under care	(126)
<b>(574)</b>	<b>Balance 31 March</b>	<b>1,419</b>

### 23.5 Pensions Reserve

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

2024/25				2025/26		
Gwynedd	NWEAB*	Total		Gwynedd	NWEAB*	Total
£000	£000	£000		£000	£000	£000
(17,248)	0	(17,248)	<b>Balance 1 April</b>	(15,224)	0	(15,224)
(1,074)	(8)	(1,082)	Re-measurements of the net pension defined benefit (liabilities) / assets	(11,182)	55	(11,127)
(25,889)	(20)	(25,909)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(20,403)	39	(20,364)
28,987	28	29,015	Employer's pensions contributions and direct payments to pensioners payable in the year	29,832	(94)	29,738
<b>(15,224)</b>	<b>0</b>	<b>(15,224)</b>	<b>Balance 31 March</b>	<b>(16,977)</b>	<b>0</b>	<b>(16,977)</b>

\* The NWEAB column in 2025/26 represents the transactions that have been reversed to remove them from Gwynedd's accounts because the Ambition Board has been incorporated into the North Wales Corporate Joint Committee since April 1, 2025. In 2024/25, Cyngor Gwynedd's share of 12.5% of the NWEAB pension reserve was included in the accounts.

## NOTE 23 – UNUSABLE RESERVES (continued)

### 23.6 Accumulated Absences Account

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

2024/25	2025/26
£'000	£'000
<b>(9,267) Balance 1 April</b>	<b>(11,839)</b>
(2,572) Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	493
<b>(11,839) Balance 31 March</b>	<b>(11,346)*</b>

\* (£5k) in 2025/26 represents the transactions that have been reversed to remove transactions relating to NWEAB as the Ambition Board has been incorporated into the North Wales Corporate Joint Committee since 1 April 2025. (£4k relevant to Gwynedd's share of the NWEAB in 2024/25 included in the accounts).

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

2024/25	2025/26
£'000	£'000
(21,015) Depreciation	(23,384)
(4,279) Impairment and downward valuations	(828)
(576) (Increase)/Decrease in impairment for bad debts	1,244
5,563 (Increase)/Decrease in Creditors	11,397
(5,072) Increase/(Decrease) in Debtors	(3,600)
(120) Increase/(Decrease) in Stock	275
3,107 Pension Liability	9,374
(294) Carrying amount of non-current assets sold or de-recognised	(317)
(2,772) Other non-cash items charged to net surplus/deficit on the provision of services	723
<b>(25,458)</b>	<b>(5,116)</b>

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

2024/25	2025/26
£'000	£'000
1 Purchase of short-term and long-term investments	1
467 Proceeds from sale of property, plant, equipment, investment property and intangible assets	291
<b>468</b>	<b>292</b>

## NOTE 24c – CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2024/25		2025/26
£'000		£'000
(5,615)	Dividends and Interest received	(1,744)
5,577	Interest paid	4,991

## NOTE 25 – CASH FLOW STATEMENT – INVESTING ACTIVITIES

2024/25		2025/26
£'000		£'000
54,579	Purchase of property, plant and equipment, investment property and intangible assets	78,207
1,054,468	Purchase of short-term and long-term investments	892,237
931	Other payments/receipts for investing activities	1,440
(328)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(437)
(1,064,513)	Proceeds from short-term and long-term investments	(932,121)
<b>45,137</b>	<b>Net cash flows from investing activities</b>	<b>39,326</b>

## NOTE 26a – CASH FLOW STATEMENT – FINANCING ACTIVITIES

2024/25		2025/26
£'000		£'000
(4,495)	Cash payments for the reduction of the outstanding liability relating to a finance lease	(1,265)
5,460	Repayments of short-term and long-term borrowing	20,334
<b>965</b>	<b>Net cash flows from financing activities</b>	<b>19,069</b>

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

	31 March 2025	Financing cash flows	Non-cash changes	31 March 2026
	£'000	£'000	£'000	£'000
Long-term borrowings	(90,138)	20,751	0	(69,387)
Short-term borrowings	(4,441)	(417)	0	(4,858)
On Balance Sheet PFI liabilities and IFRS 16 Leases	(5,492)	(1,265)	0	(6,757)
<b>Total liabilities from financing activities</b>	<b>(100,071)</b>	<b>19,069</b>	<b>0</b>	<b>(81,002)</b>

## NOTE 27 – EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2024/25 £'000	<u>Expenditure / Income</u>	2025/26 £'000
	<b>Expenditure</b>	
246,473	Employee benefits expenses	250,108
286,724	Other Services expenses	267,448
725	Support Services recharges	1,698
66,077	Depreciation, amortisation and impairment	43,362
6,250	Interest Payments	5,363
32,335	Precepts and Levies	34,904
0	Loss on the disposal of assets	26
<b>638,584</b>	<b>Total Expenditure</b>	<b>602,909</b>
	<b>Income</b>	
(76,373)	Fees, charges and other service income	(88,293)
(2,873)	Interest and investment income	(4,005)
(170,704)	Income from council tax and non-domestic rates	(182,186)
(416,253)	Government grants and contributions	(379,128)
(173)	(Gain) on the disposal of assets	0
<b>(666,376)</b>	<b>Total Income</b>	<b>(653,612)</b>
<b><u>(27,792)</u></b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b><u>(50,703)</u></b>

## NOTE 28 – AGENCY SERVICES

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

2024/25			Scheme	2025/26		
Expenditure	Income	Balance 31 March 2025		Expenditure	Income	Balance 31 March 2026
£000	£000	£000		£000	£000	£000
82,119	(82,119)	0	North and Mid Wales Trunk Road Agency	91,674	(91,674)	0
38	(75)	(232)	Houses into Homes	1,127	(395)	(500)
0	0	(465)	Houses into Homes 2	465	0	0
0	0	(615)	Home Improvement Loans	0	(615)	(1,230)
0	0	(615)	Supporting Town Centre Regeneration in Caernarfon	0	0	(615)
0	0	(633)	Caernarfon and Bangor Town Centre Scheme	0	(42)	(675)
0	0	(500)	Bangor and Bethesda Town Centre Scheme	0	0	(500)
1,000	(1,371)	(185)	Transforming Towns Scheme	661	(310)	166
388	(72)	(32)	Gwynedd Town Regeneration Fund	252	(118)	102
0	0	(700)	Gwynedd Town Regeneration Fund 2	2	0	(698)
0	(500)	(500)	Gwynedd Town Regeneration Fund 10	0	0	(500)
3,601	(3,402)	199	National Non-Domestic Rates Relief Grant	3,621	(3,420)	(400)
0	0	0	Low Income Disabled Band Reduction Scheme Support Payment	5	0	5
216	(216)	0	Ukraine Refugee Host Payments	139	(139)	0
6	(6)	0	Ukraine Cash Payments	2	(2)	0

Where the Council acts as an agent, the related income, expenditure, assets and liabilities are not included in the Council's financial statements, except for any balances due to or from the principal body at the balance sheet date. Any administration fees or cost reimbursements to which the Council is entitled are recognised in the Council's Comprehensive Income and Expenditure Statement.

The Council also administers the North and Mid Wales Trunk Road Agency on behalf of the Welsh Government. The principal area of work is managing and maintaining the trunk road network in the North and Mid Wales Councils' Partnership region that extends to around 1,088 kilometres.

## NOTE 29 – MEMBERS' ALLOWANCES

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

2024/25		2025/26
£'000		£'000
1,576	Allowances	1,693
14	Expenses	17
<b>1,590</b>		<b>1,710</b>

## NOTE 30 – OFFICERS’ REMUNERATION

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

2024/25			Chief Officers	2025/26		
Salary and other	Employer’s Pension Contributions	Total		Salary and other	Employer’s Pension Contributions	Total
£	£	£		£	£	£
126,908	22,485	149,393	Chief Executive <sup>1</sup>	133,306	23,713	157,019
108,595	20,850	129,445	Corporate Director <sup>2</sup>	36,198	6,950	43,148
0	0	0	Corporate Director <sup>3</sup>	56,994	10,943	67,937
108,595	20,850	129,445	Statutory Director of Social Services	112,070	21,517	133,587
94,266	17,035	111,301	Head of Education	99,849	17,752	117,601
97,586	18,736	116,322	Head of Finance <sup>4</sup>	103,043	19,784	122,827
92,209	17,683	109,892	Head of Highways, Engineering and YGC	95,982	18,400	114,382
90,274	17,333	107,607	Head of Adults, Health and Well-being <sup>5</sup>	40,508	5,778	46,286
0	0	0	Head of Adults, Health and Well-being <sup>6</sup>	70,400	13,517	83,917
90,274	17,333	107,607	Head of Economy and Community	93,163	17,887	111,050
90,274	17,333	107,607	Head of Children and Family Support	93,163	17,887	111,050
0	0	0	Interim Head of Children and Family Support - Resources <sup>7</sup>	74,227	12,978	87,205
0	0	0	Interim Head of Children and Family Support - Executive <sup>8</sup>	76,113	14,584	90,697
90,274	17,333	107,607	Head of Environment	93,163	17,887	111,050
86,068	16,525	102,593	Head of Corporate Services	90,993	17,471	108,464
88,254	16,929	105,183	Head of Housing and Property	93,163	17,887	111,050
81,400	15,629	97,029	Head of Legal Service <sup>9</sup>	84,005	16,129	100,134

1. The figures do not include any payment to the Chief Executive in his role as Returning Officer. No payments in 2025/26 (£2,945 in 2024/25), based on the scale defined by the relevant electoral bodies.
2. Holder in role until 31 July 2025.
3. Holder in role since 8 September 2025.
4. Holder of role received £7,597 for the Section 151 Officer duties for Eryri National Park Authority (ENPA). An additional Employer's Pension contribution of £1,459 applies to these duties. These totals are included within the amounts in the above table. ENPA reimburses the Council for these payments.
5. Holder in role until 31 July 2025.
6. Holder in role since 1 June 2025.
7. Holder undertaking additional duties and responsibilities since 1 May 2025.
8. Holder undertaking additional duties and responsibilities since 1 May 2025.
9. The figures do not include any payment to the Head of Legal Service in his role as Deputy Returning Officer. No payments in 2025/26 (£1,646 in 2024/25), based on the scale defined by the relevant electoral bodies.

**30b.** The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Council to include a ratio of remuneration. The ratio of the Chief Executive’s remuneration of £133,306 (£126,908 in 2024/25) to the median remuneration of all the Council’s employees for 2025/26 is 5.21:1, which corresponds to a median salary of £25,583 (5.04:1 in 2024/25, which corresponds to a median salary of £25,183).

**30c.** Other Council employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions) were paid the following amounts but which include termination benefits paid in 8 cases in 2025/26 (22 cases in 2024/25). 7 of these posts would not appear below except for the termination benefits paid in the individual year. The table below includes starters and leavers whose annualised remuneration would exceed £60,000.

## NOTE 30 – OFFICERS’ REMUNERATION (continued)

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:						
Number in 2024/25				Number in 2025/26		
Schools	Other	Total		Schools	Other	Total
57	12	69	£60,000 - 64,999 *	81	20	101
58	28	86	£65,000 - 69,999 *	52	20	72
30	6	36	£70,000 - 74,999	37	19	56
12	4	16	£75,000 - 79,999	12	9	21
17	0	17	£80,000 - 84,999	12	2	14
5	0	5	£85,000 - 89,999	7	0	7
6	0	6	£90,000 - 94,999	2	0	2
1	0	1	£95,000 - 99,999	5	0	5
1	0	1	£100,000 - 104,999	1	1	2
3	0	3	£105,000 - 109,999	0	0	0
0	0	0	£110,000 - 114,999	1	0	1
2	0	2	£115,000 – 119,999	0	0	0
0	0	0	£120,000 - 124,999	1	0	1
1	1	2	£125,000 - 129,999	0	0	0
1	0	1	£130,000 - 134,999	0	1	1
0	0	0	£135,000 - 139,999	0	0	0
0	0	0	£140,000 - 144,999	0	0	0
0	0	0	£145,000 - 149,999	1	0	1
0	0	0	£150,000 - 154,999	0	0	0
1	0	1	£155,000 - 159,999	0	0	0

\* Two employees from a Voluntary Aided School are included in the £65,000-£69,999 band above. In 2024/25, one employee was in the £60,000-£64,999 band and one was in the £65,000-£69,999 band.

## NOTE 31 – EXTERNAL AUDIT COSTS

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

2024/25		2025/26
£'000		£'000
233	Fees payable to auditors appointed by the Auditor General for Wales with regard to external audit services	252
96	Fees payable to auditors appointed by the Auditor General for Wales in respect of statutory inspections	116
47	Fees payable to auditors appointed by the Auditor General for Wales for the certification of grant claims and returns for the year	46
<b>376</b>		<b>414</b>
(1)	Less: Fees payable to auditors appointed by the Auditor General for Wales in respect of Joint Committees and Harbour Accounts	(1)
(16)	Previous years’ adjustment for audit fees	31
<b>359</b>	<b>Cyngor Gwynedd Net Fees</b>	<b>444</b>

## NOTE 32 – GRANT INCOME

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

	Note	2024/25 £'000	2025/26 £'000
<b>Credited to Taxation and Non-specific Grant Income</b>			
Revenue Support Grant (Non-ring-fenced Government Grants)	13	189,952	204,869
Government Capital Grants and Contributions -			
21st Century Schools		6,979	11,365
General Capital Grant		4,966	7,389
Transitional Accommodation Programme *		1,757	3,979
Learning Disability Centres *		44	1,836
Active Travel Fund *		1,347	1,898
Wales Energy Grant *		1,064	1,186
Other *		7,343	5,744
	13	23,500	33,397
Other Capital Grants and Contributions	13	5,678	7,643
<b>Total</b>		<b>219,130</b>	<b>245,909</b>
<b>Grants and Contributions Credited to Services</b>			
Welsh Government -			
Local Authority Education Grants *		18,020	18,014
Housing Support Grant		7,444	8,019
Children and Communities Grant		5,359	6,402
Additional Cost Pressures Grant		4,043	4,525
Coastal Protection Grants *		1,004	2,629
Social Care Workforce and Sustainability Pressures Grant		1,700	1,781
Concessionary Fares Grant		1,507	1,625
Capital Grants		5,488	1,525
Local Transport Fund Grant		1,772	1,003
ARFOR Programme Grant		6,282	500
Post 16 Grant (Education)		4,745	0
De-Trunking Grant		4,489	0
Teachers' Pension Grant		2,333	0
Other *		8,557	10,947
		72,743	56,970
Other Government Grants and Contributions -			
Levelling Up Fund		81,994	37,084
Department for Work and Pensions		21,797	17,687
Other		26,267	29,121
		130,058	83,892
Other Grants and Contributions		4,789	13,678
<b>Total</b>		<b>207,590</b>	<b>154,540</b>

\* 2024/25 figures have been re-categorised to ensure comparison with 2025/26.

## NOTE 32 – GRANT INCOME (continued)

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

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
<b>Grants Received in Advance</b>		
<b><u>Long-term</u></b>		
<b>Capital Grants and Contributions</b>		
Highways and Municipal Capital Contributions	352	207
Environment Grants	1,207	269
Economy	7	10
North Wales Growth Deal	1,349	0
	<hr/> 2,915	486
<b>Total Long-term</b>	<b>2,915</b>	<b>486</b>
<b><u>Short-term</u></b>		
<b>Revenue Grants and Contributions</b>		
Economy and Community Grants	2,848	9,969
Environment Grants	0	9
Adults, Health and Well-being Grants	85	85
Housing Grants	1,505	1,307
Education Grants	0	48
Finance Grants	60	0
Children and Supporting Families Grants	139	88
Other Grants	1	0
	<hr/> 4,638	11,506
<b>Capital Grants and Contributions</b>		
North Wales Growth Deal	3,846	0
Other	275	1,162
	<hr/> 4,121	1,162
<b>Total Short-term</b>	<b>8,759</b>	<b>12,668</b>
<b>Total</b>	<b>11,674</b>	<b>13,154</b>

## NOTE 33 – RELATED PARTIES

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

### 33.1 Welsh and Central Government

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

### 33.2 Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 29.

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

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

Excluding related parties identified separately in 33.3 to 33.8 below, a breakdown of the payments made to these bodies under this heading during 2025/26 and balances at 31 March 2026 is as follows:

	<b>Payments made (including 2025/26 creditors) £'000</b>	<b>Amounts owed by the Council £'000</b>	<b>Income received (including 2025/26 debtors) £'000</b>	<b>Amounts owed to the Council £'000</b>
Relevant to Members only	17,766	2,675	(8,645)	(4,685)
Relevant to Officers only	1,537	49	(44)	(34)
Relevant to both Members and Officers	14,506	2,937	(375)	(128)
<b>Total</b>	<b>33,809</b>	<b>5,661</b>	<b>(9,064)</b>	<b>(4,847)</b>

### 33.3 Other Public Bodies

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

### 33.4 Eryri National Park Authority (ENPA)

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

<b>Payments made (including 2025/26 creditors) £'000</b>	<b>Amounts owed by the Council £'000</b>	<b>Income received (including 2025/26 debtors) £'000</b>	<b>Amounts owed to the Council £'000</b>
12	3	(547)	(62)

## NOTE 33 – RELATED PARTIES (continued)

### 33.5 Adra (Tai) Cyfyngedig

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

Payments made (including 2025/26 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2025/26 debtors) £'000	Amounts owed to the Council £'000
1,530	310	(294)	(229)

### 33.6 North Wales Corporate Joint Committee

The North Wales Corporate Joint Committee (CJC) which is regarded as an independent legal entity was formally constituted on 14 January 2022, which became fully operational on 30 June 2022 and this was a result of the Local Government and Elections (Wales) Act 2021 creating a framework to have a consistent mechanism for regional collaboration between local government. The North Wales CJC's duties are strategic planning, regional transport and economic well-being. The CJC comprises six constituent councils: Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council. Eryri National Park Authority is also a member of the CJC in relation to the exercise of strategic planning functions. On 1 April 2025, the North Wales Economic Ambition Board Joint Committee was incorporated into the North Wales Corporate Joint Committee. Payments to the CJC during 2025/26 and the balances at 31 March 2026 are as follows:

Payments made (including 2025/26 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2025/26 debtors) £'000	Amounts owed to the Council £'000
434	88	(597)	(522)

### 33.7 Welsh Joint Education Committee (WJEC)

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

Payments made (including 2025/26 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2025/26 debtors) £'000	Amounts owed to the Council £'000
954	101	(42)	(41)

### 33.8 Subsidiary

Byw'n Iach Ltd was established on 27 June 2018 to provide a leisure service for the residents of Gwynedd. The company is limited by guarantee and the Council's liability is limited to £1, with Cyngor Gwynedd being the sole proprietor. Management responsibilities were transferred to the Leisure Company on 1 April 2019 with a service contract in place which sets out the actual services and outcomes that the company is required to deliver for its fee. The Board of Directors is made up of 6 elected members of Cyngor Gwynedd. The payments to Byw'n Iach Ltd for Leisure Services during 2025/26 and the balances at 31 March 2026 are as follows:

Payments made (including 2025/26 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2025/26 debtors) £'000	Amounts owed to the Council £'000
2,023	27	(506)	(338)

## NOTE 34 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

<b>31 March</b>		<b>31 March</b>
<b>2025</b>		<b>2026</b>
<b>£'000</b>		<b>£'000</b>
663,748	Non-current Assets and Assets Held for Sale	719,281
(214,538)	Revaluation Reserve	(222,084)
(269,278)	Capital Adjustment Account	(308,681)
<b>179,932</b>	<b>Capital Financing Requirement</b>	<b>188,516</b>

The movement in the year is explained as follows:

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
<b>177,995</b>	<b>Capital Financing Requirement 1 April</b>	<b>179,932</b>
21,160	Land and Buildings	30,680
11,380	Infrastructure	15,399
10,846	Vehicles, Plant and Equipment	9,393
119	Surplus Assets	88
1,098	Assets under construction	9,701
824	Right of Use Assets	2,819
40,767	Funded from capital under statute	19,150
(43)	Capital Receipts used	(487)
(67,043)	Government Grants and other contributions	(60,574)
(11,480)	Capital expenditure charged to revenue	(10,597)
(3,456)	Revenue provision for the financing of supported capital investment	(3,753)
	Additional voluntary sums set aside:	
(2,235)	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	(3,235)
<b>179,932</b>	<b>Capital Financing Requirement 31 March</b>	<b>188,516</b>

## NOTE 35 – IFRS 16 LEASES

### Council as Lessee

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

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

### Right of Use Assets

This table shows the change in the value of right of use assets held under leases by the Council (see also Note 15 for Right of Use Asset details):

	<b>Land and Buildings</b>	<b>Vehicles, Plant and Equipment</b>	<b>Total Right of Use Assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31.03.25</b>	<b>4,633</b>	<b>33</b>	<b>4,666</b>
Additions / Transfers	20,351	0	20,351
Revaluation	(522)	0	(522)
Depreciation	(781)	(7)	(788)
Sales	0	0	0
<b>Balance at 31.03.26</b>	<b>23,681</b>	<b>26</b>	<b>23,707</b>

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

<b>31 March</b>		<b>31 March</b>
<b>2025</b>		<b>2026</b>
<b>£'000</b>		<b>£'000</b>
<b>Right of Use Asset Lease Liabilities</b>		
(net present value of liabilities):		
621	Current	739
4,078	Non-current	5,441
<b>4,699</b>	Minimum lease payments	<b>6,180</b>

## NOTE 35 – IFRS 16 LEASES (continued)

### Transactions Under Leases

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

<b>31 March</b>		<b>31 March</b>
<b>2025</b>		<b>2026</b>
<b>£'000</b>		<b>£'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
227	Interest Expense on lease liabilities	227
234	Expense relating to short term/exempt/low value items	218
0	Income from sub-letting Right of Use Assets	(201)
<b>Cash Flow Statement</b>		
834	Minimum Lease Payments	1,038
227	Interest Expense on lease liabilities	227
234	Expense relating to short term/exempt/low value items	218
0	Income from sub-letting Right of Use Assets	(201)

### Maturity Analysis of Lease Liabilities

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

	<b>Minimum Lease Payments</b>		<b>Right of Use Asset Lease Liabilities</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2026</b>	<b>2025</b>	<b>2026</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
No later than one year	621	739	621	739
Later than one year and not later than five years	1,974	2,452	1,974	2,452
More than five years	2,104	2,989	2,104	2,989
	<b>4,699</b>	<b>6,180</b>	<b>4,699</b>	<b>6,180</b>

In 2025/26, minimum lease payments were made by the Council of £811k (£607k in 2024/25) in respect of those assets held as a Right of Use Asset lease.

## NOTE 35 – IFRS 16 LEASES (continued)

### Council as Lessor

#### Finance Leases

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

- Plas Heli, Pwllheli,
- Rhyd Ddu Outdoor Centre.

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

#### Operating Leases

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

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

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

	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2026</b>
	<b>£'000</b>	<b>£'000</b>
No later than one year	241	670
Later than one year and not later than five years	594	1,005
Later than five years	4,693	4,636
	<b>5,528</b>	<b>6,311</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26 lease payments of £1,130k were received by the Council (£1,197k in 2024/25).

## NOTE 36 – EXIT PACKAGES

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £'000	2025/26 £'000
£								
0 - 20,000	13	17	19	10	32	27	214	206
20,001 - 40,000	4	2	17	5	21	7	633	228
40,001 - 60,000	3	2	3	6	6	8	297	387
60,001 - 80,000	2	0	0	0	2	0	142	0
80,001 - 100,000	0	1	0	0	0	1	0	85
100,001 - 150,000	0	0	0	0	0	0	0	0
150,001 - 200,000	0	0	0	0	0	0	0	0
200,001 - 250,000	1	0	0	0	1	0	201	0
Adjustment to previous year's estimate							19	12
<b>Total</b>	<b>23</b>	<b>22</b>	<b>39</b>	<b>21</b>	<b>62</b>	<b>43</b>	<b>1,506</b>	<b>918</b>

## NOTE 37 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

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

In 2025/26 the Council paid £15.91m (£15.33m in 2024/25) in respect of teachers' pension costs, which represented 28.68% (28.68% in 2024/25) of teachers' pensionable pay. In addition the Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. In 2025/26 these amounted to £0.97m (£1m in 2024/25) representing 1.75% (1.86% in 2024/25) of teachers' pensionable pay. These costs are accounted for on a defined benefits basis and are included in Note 38.

## NOTE 38 – PENSION COSTS

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

Cyngor Gwynedd participates in two post-employment benefit schemes:

- a) **The Local Government Pension Scheme** administered locally by Cyngor Gwynedd for the employees of Gwynedd and 46 other organizations. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014, and based on a career average salary from 1 April 2014. The Council and the employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. Cyngor Gwynedd's proportion of the total contributions to the Gwynedd Pension Fund in 2025/26 was 37% (35% in 2024/25).
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

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

### Transactions Relating to Post-employment Benefits

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

## NOTE 38 – PENSION COSTS (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Net (Liability) / Asset	
	2025	2026
Period ended 31 March -	£'000	£'000
Fair value of plan assets	1,087,014	1,143,772
Present value of funded liabilities	(833,557)	(728,537)
Effect of the asset ceiling	(253,457)	(415,235)
Present value of unfunded liabilities	(17,248)	(15,224)
<b>Opening Position at 1 April</b>	<b>(17,248)</b>	<b>(15,224)</b>
Service cost -		
Current service cost <sup>1</sup>	(24,317)	(18,488)
Past service costs (including curtailments)	(818)	(447)
Effect of settlements	0	(917)
<b>Total Service Cost</b>	<b>(25,135)</b>	<b>(19,852)</b>
Net interest -		
Interest income on plan assets	52,915	66,881
Interest cost on defined benefit obligation	(41,376)	(43,365)
Interest on the effect of the asset ceiling	(12,293)	(24,067)
<b>Total Net Interest</b>	<b>(754)</b>	<b>(551)</b>
<b>Total Defined Benefit Cost Recognised in Profit / (Loss)</b>	<b>(25,889)</b>	<b>(20,403)</b>
Cash flows -		
Participants' contributions	0	0
Employer contributions	27,207	28,829
Benefits paid	0	0
Unfunded benefits paid	0	0
Contributions in respect of unfunded benefits paid	1,716	1,659
Effect of business combinations and disposals	0	789
<b>Expected Closing Position</b>	<b>(14,214)</b>	<b>(4,350)</b>
Remeasurements -		
Changes in financial assumptions	144,863	33,306
Changes in demographic assumptions	1,491	25,430
Other experience <sup>2</sup>	7,968	(74,019)
Return on assets excluding amounts included in net interest	(5,847)	40,758
Changes in effect of the asset ceiling	265,750	(38,102)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>414,225</b>	<b>(12,627)</b>
Fair value of plan assets	1,143,772	1,257,135
Present value of funded obligations	(728,537)	(781,757)
Effect of the asset ceiling <sup>3</sup>	0	(477,404)
Present value of unfunded obligations <sup>4</sup>	(15,224)	(14,951)
<b>Closing Position at 31 March <sup>5</sup></b>	<b>400,011</b>	<b>(16,977)</b>

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

<sup>2</sup> The other experience on obligations includes an allowance of £6,467,000 for the April 2026 pension increase order impact.

<sup>3</sup> The effect of the asset ceiling had already been taken into account in the above table in the Hymans report for 31 March 2026.

<sup>4</sup> The unfunded obligations comprise of £5,178,000 (£5,910,000 on 31 March 2025) in respect of LGPS unfunded pensions and £9,773,000 (£9,314,000 on 31 March 2025) in respect of Teachers' unfunded pensions.

<sup>5</sup> This is inclusive of the liability relating to both Byw'n Iach and the North and Mid Wales Trunk Road Agency (NMWTRA) employees who are under the responsibility of the council.

## NOTE 38 – PENSION COSTS (continued)

### Pensions assets and liabilities recognised in the Balance Sheet

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

	31 March 2025	31 March 2026
	£'000	£'000
Fair value of plan assets	1,143,772	1,257,135
Present value of funded obligations	(728,537)	(781,757)
Present value of unfunded obligations (IAS 19/IFRIC 14)	(15,224)	(14,951)
<b>Subtotal</b>	<b>400,011</b>	<b>460,427</b>
Effect of IAS 19/ IFRIC 14	(400,011)	(462,453)
<b>Net Asset/ (Liability)</b>	<b>0</b>	<b>(2,026)</b>
Add value of unfunded obligations	(15,224)	(14,951)
<b>Net Asset/ (Liability) arising from Defined Benefit Obligation</b>	<b>(15,224)</b>	<b>(16,977)</b>

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet reports a net liability of £16.977m. The Council's Actuary, Hymans Robertson LLP, determined that the fair value of the council's pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset. IFRIC 14 and IAS 19 Employee Benefits require that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling, which is capped at £0 excluding unfunded obligations and agreed past service contributions (which may give rise to an additional liability)

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculated asset ceiling for 2025/26 results in greater future service contributions than future service costs so the economic benefit is limited to zero before adding the present value of the unfunded obligations and agreed past service contributions (which may give rise to an additional liability). The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

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

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Cyngor Gwynedd is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2025. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2026 to be £3.56bn based on information provided by the Administering Authority and allowing for index returns where necessary.

## NOTE 38 – PENSION COSTS (continued)

### Fair Value of Employer Assets

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

Asset Category	At 31 March 2025				At 31 March 2026			
	Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total		Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total	
			£'000	%			£'000	%
<b>Equity Securities</b>								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Private Equity</b>								
All	0	61,761	61,761	5	0	57,988	57,988	5
<b>Debt Securities</b>								
Other	0	0	0	0	0	0	0	0
<b>Real Estate</b>								
UK Property	0	72,776	72,776	6	0	61,082	61,082	5
Overseas Property	0	0	0	0	0	0	0	0
<b>Investment Funds and Unit Trusts</b>								
Equities	0	631,674	631,674	55	0	612,182	612,182	49
Bonds	0	336,136	336,136	29	0	432,437	432,437	34
Infrastructure	0	33,756	33,756	3	0	73,736	73,736	6
Other	0	0	0	0	0	0	0	0
<b>Derivatives</b>								
Inflation	0	0	0	0	0	0	0	0
<b>Cash and Cash Equivalents</b>								
All	0	7,669	7,669	1	0	19,710	19,710	1
<b>Total</b>	<b>0</b>	<b>1,143,772</b>	<b>1,143,772</b>	<b>100</b>	<b>0</b>	<b>1,257,135</b>	<b>1,257,135</b>	<b>100</b>

## NOTE 38 – PENSION COSTS (continued)

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

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

	31 March 2025	31 March 2026
<b>Financial Assumptions</b>	<b>% p.a.</b>	<b>% p.a.</b>
Pensions Increase Rate	2.75	3.00
Salary Increase Rate	3.25	3.50
Inflation Rate	2.75	3.00
Discount Rate	5.80	6.30
Long-term expected rate of return on all categories of assets	5.80	6.30
<b>Take-up option to convert annual pension into retirement lump sum</b>		
for pre-April 2008 service	65	65
for post-April 2008 service	65	65
<b>Mortality assumptions</b>	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
Men	20.6	20.8
Women	23.5	23.6
Longevity at 65 for future pensioners		
Men	21.6	21.8
Women	25.3	25.2

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme commitments as at 31 March 2026 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

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

## NOTE 38 – PENSION COSTS (continued)

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

<b>Impact on the Defined Benefit Obligation in the Scheme</b>		
<b>Change in assumption</b>	<b>Approximate increase to Defined Benefit Commitment 31 March 2026</b>	<b>Approximate monetary amount 31 March 2026</b>
	<b>%</b>	<b>£'000</b>
0.1% decrease in real discount rate	2	13,078
1 year increase in member life expectancy	4	31,868
0.1% increase in the salary increase rate	0	790
0.1% increase in the pension increase rate	2	12,287

### Impact on the Council's Cash Flows

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

The contributions paid by the Council are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2026 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Council, please refer to the 2022 actuarial report dated 28 March 2023.

### Information about the Defined Benefit Obligation

	<b>Liability Split 31 March 2026</b>	
	<b>£'000</b>	<b>%</b>
Active Members	352,264	45
Deferred Members	106,821	14
Pensioner Members	322,672	41
<b>Total</b>	<b>781,757</b>	<b>100</b>

The above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2022. As at the date of the most recent valuation, the average qualifying period of the defined benefit obligation for scheme members in 2025/26 is 20 years.

### Impact in Future Years

The total contributions expected to be made to the Local Government Pensions Scheme by the Council in the year to 31 March 2027 is £23.960m.

As the Actuary's report is based on estimates and due to timing issues, an initial adjustment of (£493,800,120) has been made in 2025/26 (£64,270 in 2024/25) to bring the position of the Scheme based on the Actuarial figures in line with the closing position at 31 March 2026 (before applying any asset ceiling adjustments). This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities.

## NOTE 39 – CONTINGENT LIABILITIES

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

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

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

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

The maximum potential liability to the Council based on the latest published figures available is £1.4m.

Up to 2024/25, there was a possibility that further levies may be needed if the original levies were insufficient to meet MMI's liabilities in the long term. Following an assessment, the opinion for the 2025/26 financial year is that the levies already paid are sufficient to meet the liabilities.

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

## NOTE 40 – TRUSTS

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

The total balance of the 176 bequests derecognised from the Council's Balance Sheet at 31 March 2026 was £2,262,978 (£2,061,426 on 31 March 2025). The funds are fully invested to generate income.

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

## NOTE 41 – SERVICE CONCESSION ARRANGEMENTS

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

The assets used to provide the service are recognised on the Council’s Balance Sheet. The value of the related assets was £2.1m as at 31 March 2026 (£2.1m as at 31 March 2025). The Council makes an agreed payment (gate fee) each year based on a minimum amount of tonnage which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The Council has the right to increase the amount of tons over the agreed 7,500 tons to a maximum of 11,000 tons, and will pay a reduced gate fee for anything over 7,500 tons.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Paid in 2025/26	498	216	49	763
Payable in 2026/27	498	229	36	763
Payable within 2 to 5 years	705	348	27	1,080
<b>Total</b>	<b>1,701</b>	<b>793</b>	<b>112</b>	<b>2,606</b>

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

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

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

	2025/26	
	Lease Liability	Deferred Income
	£'000	£'000
Balance outstanding at 1 April 2025	(793)	(498)
Repayment of principal during the year	216	0
Release of deferred income	0	145
<b>Balance outstanding at 31 March 2026</b>	<b>(577)</b>	<b>(353)</b>

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

## NOTE 42 – POOLED BUDGET

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, an informal pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people for 2025/26.

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

<b>Care Homes for the Elderly</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
	<b>Expenditure</b>	
136,047	Care Home costs	147,652
<b>136,047</b>	<b>Total Expenditure</b>	<b>147,652</b>
	<b>Funding</b>	
(12,423)	Denbighshire County Council	(13,600)
(18,090)	Conwy County Borough Council	(19,835)
(14,980)	Flintshire County Council	(17,767)
(16,470)	Wrexham County Borough Council	(15,975)
(13,084)	Cyngor Gwynedd	(15,282)
(7,126)	Isle of Anglesey County Council	(8,320)
(53,874)	Betsi Cadwaladr University Health Board	(56,873)
<b>(136,047)</b>	<b>Total Funding</b>	<b>(147,652)</b>
<b>0</b>	<b>(Surplus) / Deficit transferred to reserve</b>	<b>0</b>

## NOTE 43 – JOINT OPERATIONS AND JOINT COMMITTEES

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

During 2025/26, Cyngor Gwynedd participated in two joint committees and one joint operation, collaborating in particular areas between local authorities. Separate accounts are required for joint committees. The two joint committees relating to Gwynedd in 2025/26 are:

- GwE
- North Wales Residual Waste Treatment Project (NWRWTP)

The joint operation relating to Gwynedd in 2025/26 is:

- Actif North Wales

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

Joint Committee / Joint Operation	Host Authority for Finance	Councils and Organisations participating in the Joint Committee / Joint Operation	Cyngor Gwynedd's Share %	Value of Gwynedd's Share (Income and Expenditure Account) £'000
<b>Joint Committee</b>				
GwE	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle Anglesey County Council Wrexham County Borough Council	17.47	186
North Wales Residual Waste Treatment Project	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council	25.20	0
<b>Joint Operation</b>				
Actif North Wales *	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council Wrexham County Borough Council	16.67	0

\* Actif North Wales is grant funded.

On 1 April 2025, the North Wales Economic Ambition Board Joint Committee was incorporated into the North Wales Corporate Joint Committee, which is regarded as an independent legal entity.

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

## **NOTE 44 – EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised by the Head of Finance on 30 June 2026. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

<b>THE WELSH CHURCH FUND</b>
------------------------------

2024/25 £'000		2025/26 £'000
978	<b>Amount of Fund at 1 April</b>	1,002
	<b>Add - Income during the year</b>	
49	Interest on Investments	51
	<b>Less - Expenditure during the year</b>	
(25)	Grants and expenses	(53)
<b>1,002</b>	<b>Amount of Fund at 31 March</b>	<b>1,000</b>
	<b>Represented by the following Assets</b>	
5	Debtors	9
900	Investments	900
97	Cash in Hand	101
<b>1,002</b>		<b>1,010</b>
0	<b>Less - Creditors</b>	(10)
<b>1,002</b>	<b>Total</b>	<b>1,000</b>

**NOTES TO THE ACCOUNTS**

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

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

3. The investments are shown in the accounts at historical cost. The market value of the investments at 31 March 2026 was £904,470.

<b>FMG MORGAN TRUST FUND</b>
------------------------------

2024/25 £'000		2025/26 £'000
166	<b>Amount of Fund at 1 April</b>	174
	<b>Add - Income during the year</b>	
16	Interest on assets	17
	<b>Less - Expenditure during the year</b>	
(8)	Grants	(4)
<b>174</b>	<b>Amount of Fund at 31 March</b>	<b>187</b>
	<b>Assets</b>	
144	Investments	145
30	Cash in Hand	42
<b>174</b>		<b>187</b>

**NOTES TO THE ACCOUNTS**

1. This Fund was set up from the residuary estate of the late Mrs. Florence Merthyr Guest Morgan. The income from the Fund was to be applied to aid residents of certain areas of Llŷn for specified purposes.
2. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2026 was £415,064 (£381,145 at 31 March 2025).
3. The FMG Morgan Fund is outside the provision of the Charities Act 1993. No independent examination or audit is therefore required in respect of this Trust Fund.

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<b>MEETING</b>	Governance and Audit Committee
<b>DATE</b>	9 July 2026
<b>TITLE</b>	The GwE Joint Committee's Accounts 2025/26 for the period of two months to 31 May 2025, Out-turn Report, Statement of Accounts Subject to Audit and the Governance Statement
<b>PURPOSE</b>	To submit – <ul style="list-style-type: none"> <li>• GwE Revenue Income and Expenditure Account for 2025/26 (in the form of an out-turn report);</li> <li>• GwE Statement of Accounts 2025/26 (subject to audit);</li> <li>• GwE Annual Governance Statement 2025/26.</li> </ul>
<b>RECOMENDATION</b>	<ul style="list-style-type: none"> <li>• To accept and note the out-turn report;</li> <li>• To accept the GwE Statement of Accounts 2025/26 (subject to audit);</li> <li>• Approve to extend the period of the GwE Annual Governance statement 2024/25 to cover the first two months of 2025/26 up to when GwE came to an end on 31 May 2025.</li> </ul>
<b>AUTHOR</b>	Dewi Aeron Morgan, Head of Finance, Cyngor Gwynedd

## 1. FINANCIAL REPORTING REQUIREMENTS

- 1.1 GwE, the Regional School Effectiveness and Improvement Service came to an end on 31 May 2025, as a result the Joint Committee did not meet after this date. The 2025/26 accounts are submitted to Cyngor Gwynedd's Governance and Audit Committee since Cyngor Gwynedd is the host council responsible for meeting the accounting responsibilities and reporting on the financial matters of GwE's Joint Committee.
- 1.2 There are specific accounting and audit reporting requirements for Joint Committees.
- 1.3 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.
- 1.4 Although it is not an independent legal entity, for the purposes of keeping accounts and being audited, the GwE Joint Committee is separately subject to the same regulations as other local councils.

## **2. ACCOUNTS FOR 2025/26**

- 2.1 The Revenue Income and Expenditure Account 2025/26 for the period of two months up to 31 May 2025 is presented as an appendix to this report in an “outturn” format.
- 2.2 The Statements of Accounts are currently subject to audit by Audit Wales, Cyngor Gwynedd’s external auditors appointed by the Auditor General For Wales. Following the audit the auditors will produce the ‘ISA 260’ report, detailing the main findings by Audit Wales, and will be presented to the Governance and Audit Committee on 29 September 2026.

## **3. GwE ANNUAL GOVERNANCE STATEMENT 2025/26**

- 3.1 There is a statutory requirement for an Annual Governance Statement as a result of:

- The Accounts and Audit (Wales) Regulations 2014, which state:

*The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk, and adequate and effective financial management.*

*The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control. The findings of the review must be considered by the members of the body meeting as a whole or by a committee.*

*Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices. The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.*

- CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom (the “SORP”).
  - CIPFA / SOLACE Framework Delivering Good Governance in Local Government (2016).
- 3.2 As part of GwE’s governance process, GwE’s Annual Governance Statement for 2024/25 was presented and accepted at the GwE Joint Committee meeting on 21 May 2025. This took place ten days before the GwE Joint Committee came to an end.
- 3.3 There has been no change in the operation of GwE during the last two months of its existence, so we ask the Committee to approve the extension of the period of the 2024/25 Annual Governance Statement for the first two months of the 2025/26 financial year up to 31 May 2025, to comply with statutory requirements.

**4. GWYNEDD PENSION FUND:-  
IMPLICATIONS FROM THE TERMINATION OF GwE AND CALCUALTION OF  
EXIT CREDIT**

- 4.1 As an employer, GwE was a member of the Gwynedd Pension Fund.
- 4.2 Following the GwE’s termination date on 31 May 2025, in line with Local Government Pension Scheme 2013 (Regulation 64) when an entity ceases being an active member, the Fund is required to carry out a cessation valuation (with support from the Fund Actuary) and determine if there is an associated exit payment to or from the employer.
- 4.3 As part of this report, the value of the surplus at GwE’s termination date of 31 May 2025 was identified as £9,383,000.
- 4.4 The value of the employer's contributions was identified to be 54.66% of the general surplus of £9,384,000, equivalent to £5,129,000, with this amount to be distributed to the authorities based on their contributions towards the GwE budget since its establishment in 2013.
- 4.5 The surplus was distributed by the Gwynedd Pension Fund among six north Wales authorities as follows:

<b>Council</b>	<b>Service Budget proportion</b>	<b>Exit Credit</b>
Conwy County Borough Council	15.37%	£788,327
Denbighshire County Council	15.31%	£785,250
Flintshire County Council	22.64%	£1,161,206
Cyngor Gwynedd	17.70%	£907,833
Isle of Anglesey County Council	10.14%	£520,081
Wrexham County Borough Council	18.84%	£966,304
<b>Total</b>	<b>100.00%</b>	<b>£5,129,000</b>

**5. RECOMMENDATION**

- 5.1 The Governance and Audit Committee is asked to note and accept the “out-turn” Revenue Income and Expenditure Account 2025/26 for the period of two months up to 31 May 2025.
- 5.2 The Governance and Audit Committee is asked to note and receive the GwE Statement of Accounts 2025/26 (subject to audit) for the two months up to 31 May 2025.
- 5.3 To note and approve to extend the period of the GwE Annual Governance Statement 2024/25 for the first two months of the financial year 2025/26 up to 31 May 2025, to comply with statutory requirements.

## **APPENDICES**

Appendix 1: Revenue Income and Expenditure Account 2025/26 (in the form of an out-turn report)

Appendix 2: GwE Statement of Accounts 2025/26 (subject to audit)

Appendix 3: GwE Annual Governance Statement

## GwE JOINT COMMITTEE REVENUE INCOME AND EXPENDITURE ACCOUNT 2025/26

	Budget	Expenditure / Income	Over / (Under) Spend Net
	£	£	£
<b>Expenditure</b>			
Employees	1,024,695	927,886	(96,809)
Building - Rent / Room Hire	38,103	32,220	(5,883)
Transport - Travel Costs	21,184	17,307	(3,877)
Supplies and Services (Equipment, printing, telephone etc)	14,742	1,330	(13,412)
Audit Fees	19,620	23,623	4,003
National Programmes / Commissioning	79,515	54,207	(25,308)
Newly Qualified Teachers	33,697	33,697	0
Gwynedd Council Host Authority Support Service Costs	47,691	47,691	0
<b>Total Expenditure</b>	<b>1,279,247</b>	<b>1,137,961</b>	<b>(141,286)</b>
<b>Income</b>			
Core service contributions towards the running costs of GwE for the first two months of 25/26			
- Isle of Anglesey County Council	(57,876)	(42,587)	15,289
- Cyngor Gwynedd	(136,259)	(111,550)	24,709
- Conwy County Borough Council	(111,488)	(89,755)	21,733
- Denbighshire County Council	(116,594)	(94,247)	22,347
- Flintshire County Council	(185,268)	(154,667)	30,601
- Wrexham County Borough Council	(152,036)	(125,429)	26,607
Contribution from WLGA	(446,000)	(446,000)	0
Newly Qualified Teachers	(33,697)	(33,697)	0
Other Income	(40,029)	(40,029)	0
<b>Total Income</b>	<b>(1,279,247)</b>	<b>(1,137,961)</b>	<b>141,286</b>
<b>Total Net Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FINANCIAL VARIANCES

<b>Employees</b>	<b>Final Position: Underspend (£96,809)</b>
<i>The budget had been established based on the structure of GwE as it was in February 2025, staff turnover between then and the end date of GwE on 31 May 2025 led to a saving on employment costs as a number of staff accepted new roles.</i>	
<b>Building, Transport, Supplies and Services and National Programmes / Commissioning</b>	<b>Final Position: Underspend (£48,480)</b>
<i>With GwE remaining operational for the first two months of the 25/26 financial year, priority was been given to reducing expenditure where possible.</i>	
<b>Audit Fees</b>	<b>Final Position: Overspend £4,003</b>
<i>The overspend results from a difference between the final 24/25 audit fee and the estimate presented in the audit plan. The additional cost was due to several additional risks arising from the dissolution of the body and additional implications due to the exceptional situation.</i>	

**GwE Joint Committee**  
**(Conwy, Denbighshire, Flintshire, Gwynedd,**  
**Anglesey and Wrexham councils)**

**STATEMENT OF**  
**ACCOUNTS**  
**2025/26**  
**(for the two months up to**  
**31 May 2025)**  
  
**(Subject to Audit)**

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# NARRATIVE REPORT

## INTRODUCTION

The Regional School Effectiveness and Improvement Service (GwE) was established as a partnership between the six north Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the councils and undertake the statutory function of the councils in respect of school improvement and effectiveness. This included the duty to monitor, challenge, provide support services for curriculum continued professional development and management of schools, and in addition to providing services to be commissioned by schools and local authorities.

Cyngor Gwynedd has been appointed as host authority in implementing and maintaining the service, and the Joint Committee of all the partners oversees the management of the service.

On 31 January 2024, Jeremy Miles, Minister for Education and Welsh Language, published a written statement: "The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales" <https://www.gov.wales/written-statement-next-stage-review-school-improvement-roles-and-responsibilities-education>. This statement outlined changes to school improvement arrangements in Wales with the regional consortia model to be replaced by partnership models between two or more Local Authorities during 2025/26. As a result, the 6 Authorities decided to bring GwE to an end on 31 May 2025.

The GwE Joint Committee accounts for the two month period that GwE was operating during 2025/26 i.e. from 1 April 2025 to 31 May 2025 are presented here on pages 8 to 35. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26*.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **The Balance Sheet** - Sets out the financial position of the Joint Committee to the end of the financial year, which for 2025/26 is 31 May 2025.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during the period of two months up to 31 May 2025.

These accounts have been prepared on the basis that GwE came to an end on 31 May 2025 and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

The period 2025/26 as stated in these accounts covers a period of two months, from 1 April 2025 to 31 May 2025, while the previous period stated in the accounts, i.e. 2024/25 include a full financial year. The previous figures are included for information, as a fair comparison is difficult as the account are not comparing similar periods of twelve months.

## **GwE's Vision and Priorities**

GwE was the north Wales regional school improvement service that worked alongside and on behalf of the north Wales local authorities – Conwy, Denbighshire, Flintshire, Gwynedd, Anglesey and Wrexham.

Their work was driven by an ambition to see the schools and organisations they worked with achieve their aspirations, and to see all learners succeed. GwE supported schools to become successful and confident learning organisations by working together to ensure that all learners have the education they deserved in a caring environment, so that they can be capable and resilient individuals who achieved their full potential whatever their race, gender, background and creed.

The Business Plan spanned a three-year period from 2023 onwards, and set out GwE's strategic objectives and the priorities for improvement and work programmes which were to be undertaken. The Business Plan is available at:

<https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?cid=243&mid=4879&ver=4>

Following the announcement by Welsh Government that the regional consortia's arrangement was to end, 2024/25 and the two months relevant to 2025/26 was a transitional period. The priority was to continue supporting schools, until the establishment of the new way of working.

## **Financial Strategy**

The Joint Committee's Financial Strategy and 2025/26 Budget that was adopted by the Joint Committee at its meeting on 19 February 2025 set out the foundation to achieve the improvement priorities. The strategy is available at:

<https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?mid=5005&x=1>

## **2025/26 Financial Performance**

- The Comprehensive Income and Expenditure Statement on page 9 shows that the Joint Committee's gross revenue expenditure on 'Cost of Services' level was £13,290k during 2025/26, with a net position of £12,152k.
- The 2025/26 financial outturn position is reported to the Cyngor Gwynedd Governance and Audit committee as a separate appendix to these accounts.
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 9 and 10 detail the analysis in movements for the year.

## TABLE 1 - Budget and Actual Comparison Summary (Net)

Table 1 provides a budgetary performance comparison at a summary level, which is detailed further in Table 2.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure on Operations	1,279	1,138	(141)
Income			
Council contributions			
Conwy	(111)	(90)	21
Denbighshire	(117)	(94)	23
Flintshire	(185)	(155)	30
Gwynedd	(136)	(111)	25
Anglesey	(58)	(43)	15
Wrexham	(152)	(125)	27
Other Income	(520)	(520)	0
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>0</b>	<b>0</b>

## TABLE 2 –Transposition movement between ‘Budget and Actual Comparison Summary (Net)’ (Table 1) to the Income and Expenditure format

	<b>Performance Report (Out-turn)</b>	<b>Adjustments between Funding and Accounting Basis (Note 9)</b>	<b>Income &amp; Expenditure Statement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure	1,138	12,152	13,290
Income	(1,138)	0	(1,138)
<b>Net Cost of Services</b>	<b>0</b>	<b>12,152</b>	<b>12,152</b>

### Material Items of Income and Expenditure

Related Items include:-

- (£12,214k) on pensions, being the remeasurement of the net defined benefit liability/(asset) relating to pensions, in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 15).
- £11,623k being the Effect of Settlement in regards to pension within “Un-apportioned Expenses” in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 22).

## **Other Issues**

- On 31 January 2024, Jeremy Miles, Minister for Education and Welsh Language, published a written statement: “The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales” <https://www.gov.wales/written-statement-next-stage-review-school-improvement-roles-and-responsibilities-education>. This statement outlined changes to school improvement arrangements in Wales with the regional consortia model to be replaced by partnership models between two or more Local Authorities during 2025/26. As a result, the 6 Authorities decided to bring GwE to an end on 31 May 2025.
- As GwE had come to an end on 31 May 2025, the 2025/26 accounts include the appropriate financial arrangements for closing the Joint Committee, which would not be visible in accounts prepared on going concern basis.

## **Reserves**

The Joint Committee did not have usable reserves during 2025/26.

## **Pension Fund**

After GwE came to an end The Joint Committee (as an employer) has a nil net liability from its share of the assets and liabilities of the Gwynedd Pension Fund as recognised on its Balance Sheet at 31 May 2025. This has been calculated in line with International Accounting Standard 19 by the Fund’s Actuary, Hymans Robertson. Refer to Note 22 for further information.

## **Governance**

GwE was responsible for ensuring proper governance arrangements, facilitating the effective exercise of its functions, which included arrangements for the management of risk. Further information is included within the Annual Governance Statement.

## **Accounting Policies**

The Joint Committee’s existing accounting policies are amended only insofar as to reflect the guidance in the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **Changes in Accounting Policies and to the Accounts**

The Joint Committee's accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2025/26 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

As the Joint Committee has come to an end, the accounts have not been prepared on a going concern basis as is normally a requirement for the accounts.

## **Further Information**

The Statement of Accounts is available on Cyngor Gwynedd's website  
<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/GwE-Joint-Committee.aspx>

Further information relating to the accounts is available from:

Ffion Madog Evans  
Assistant Head of Finance  
Accounting and Pensions  
01286 679133  
[Trysorydd@gwynedd.llyw.cymru](mailto:Trysorydd@gwynedd.llyw.cymru)

or

Gwion Elis Jones  
Senior Accountant  
01286 679060

Finance Department  
Cyngor Gwynedd  
Council Offices  
Caernarfon  
Gwynedd  
LL55 1SH

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

## **Accessibility Statement**

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

# **GwE JOINT COMMITTEE**

## **STATEMENT OF ACCOUNTS**

### **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **THE COUNCIL'S RESPONSIBILITIES**

Cyngor Gwynedd as host authority bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs.

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

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#### **THE HEAD OF FINANCE'S RESPONSIBILITIES**

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

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

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

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#### **RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the GwE Joint Committee at 31 May 2025 and the Joint Committee's income and expenditure for the two months then ended.



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**Dewi Aeron Morgan CPFA**  
**Head of Finance, Cyngor Gwynedd**

**02 April 2026**

## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how expenditure is used and funded from resources in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25			2025/26 (two months up to 31 May 2025)			
Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
8,751	(1,775)	6,976	Employees	931	(210)	721
415	0	415	Property	33	0	33
150	0	150	Transport	20	0	20
448	0	448	Supplies and Services	58	0	58
1,191	0	1,191	Third Parties	96	0	96
0	807	807	Un-apportioned Expenses	0	12,362	12,362
(10,253)	0	(10,253)	Income	(1,138)	0	(1,138)
<b>702</b>	<b>(968)</b>	<b>(266)</b>	<b>Cost of Services</b>	<b>0</b>	<b>12,152</b>	<b>12,152</b>
(25)	0	(25)	Other Income and Expenditure	0	(100)	(100)
<b>677</b>	<b>(968)</b>	<b>(291)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>12,052</b>	<b>12,052</b>
(677)			Opening Balances of Usable Reserves	0		
677			(Surplus)/Deficit on Usable Reserves in Year	0		
<b>0</b>			Closing Balances of Usable Reserves	<b>0</b>		

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost of providing the Joint Committee service in accordance with generally accepted accounting practices.

2024/25			2025/26 (two months up to 31 May 2025)			
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
6,976	0	6,976		721	0	721
415	0	415		33	0	33
150	0	150		20	0	20
448	0	448		58	0	58
1,191	0	1,191		96	0	96
807	0	807		12,362	0	12,362
0	(10,253)	(10,253)		0	(1,138)	(1,138)
<b>9,987</b>	<b>(10,253)</b>	<b>(266)</b>		<b>13,290</b>	<b>(1,138)</b>	<b>12,152</b>
0	(25)	(25)	11	0	(100)	(100)
<b>9,987</b>	<b>(10,278)</b>	<b>(291)</b>		<b>13,290</b>	<b>(1,238)</b>	<b>12,052</b>
		821	15			(12,214)
		<b>821</b>				<b>(12,214)</b>
		<b>530</b>				<b>(162)</b>

## MOVEMENT IN RESERVES STATEMENT

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

		Movement in Reserves Statement		
	Note	Total Usable Reserves	Unusable Reserves	Total Joint Committee's Reserves
		£'000	£'000	£'000
<b>Balance 31 March 2024 carried forward</b>		(677)	309	(368)
<u>Movement in reserves during 2024/25</u>				
(Surplus)/Deficit on provision of services		(291)	0	(291)
Other Comprehensive Income and Expenditure		0	821	821
<b>Total Comprehensive Income and Expenditure</b>		(291)	821	530
Adjustments between accounting basis and funding basis under regulations	9	968	(968)	0
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>		677	(147)	530
<b>(Increase)/Decrease in 2024/25</b>		677	(147)	530
<b>Balance 31 March 2025 carried forward</b>	10+15	0	162	162
<u>Movement in reserves during 2025/26</u>				
(Surplus)/Deficit on provision of services		12,052	0	12,052
Other Comprehensive Income and Expenditure		0	(12,214)	(12,214)
<b>Total Comprehensive Income and Expenditure</b>		12,052	(12,214)	(162)
Adjustments between accounting basis and funding basis under regulations	9	(12,052)	12,052	0
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>	10+15	0	(162)	(162)
<b>(Increase)/Decrease in 2025/26</b>		0	(162)	(162)
<b>Balance 31 May 2025 carried forward</b>		0	0	0

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Joint Committee may use to provide services. The second category of reserves is those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Pension Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2025 £'000		Note	31 May 2025 £'000
1,325	Short-term Debtors	12	0
605	Cash and Cash Equivalents	13	0
<b>1,930</b>	<b>Current Assets</b>		<b>0</b>
(2,092)	Short-term Creditors	14	0
<b>(2,092)</b>	<b>Current Liabilities</b>		<b>0</b>
0	Pension Liability	22	0
<b>0</b>	<b>Long-term Liabilities</b>		<b>0</b>
<b>(162)</b>	<b>Net Assets</b>		<b>0</b>
0	Usable Reserves	10	0
162	Unusable Reserves	15	0
<b>162</b>	<b>Total Reserves</b>		<b>0</b>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of contributions from the authorities, grant income or from the recipients of services provided by the Joint Committee.

<b>2024/25</b>		<b>Note</b>	<b>2025/26</b>
<b>£'000</b>			<b>£'000</b>
(291)	Net (Surplus)/Deficit on Provision of Services		12,052
1,808	Adjustments to net surplus or deficit on the provision of services for non-cash movements	16	(11,447)
1,517	Net cash flows from Operating Activities		605
0	Investing Activities		0
0	Financing Activities		0
1,517	Net (Increase)/Decrease in cash and cash equivalents		605
(2,122)	Cash and cash equivalents at the beginning of the reporting period	13	(605)
<b>(605)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>0</b>

# **NOTES TO THE ACCOUNTS**

## **NOTE I – ACCOUNTING POLICIES**

### **I.1 General Principles**

The Statement of Accounts summarises the Joint Committee's transactions for the two months up to 31 May 2025 and its position at the end of that period. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost. The accounts have been prepared on the basis that GwE came to an end on 31 May 2025.

The Joint Committee's practice was to operate on the basis that all items of expenditure are treated as revenue in the first instance. Whether any items of a capital nature (e.g. IT equipment, furniture) prove to have a material significance on the true and fair presentation of the financial position then the items would be treated according to proper practices.

The nature of the Joint Committee's transactions is limited and only the relevant policies can be seen below.

### **I.2 Accruals of Expenditure and Income**

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

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

### **I.3 Cash and Cash Equivalents**

The Joint Committee does not have its own bank account and cash is administered by Cyngor Gwynedd within its own accounts.

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.4 Employee Benefits**

#### **1.4.1 Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. With GwE having ended on 31 May 2025 there is no balance on the accumulated absences account at the date of the accounts.

#### **1.4.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the offer of those benefit can no longer be withdrawn or when the restructuring costs are recognised.

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

#### **1.4.3 Post-employment Benefits**

Employees of the Joint Committee are members of one pension scheme:

- The Local Government Pensions Scheme, administered by the Gwynedd Pension Fund at Cyngor Gwynedd.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Joint Committee and their previous employers.

#### **1.4.4 The Local Government Pension Scheme**

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 5.90% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

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

## NOTE I – ACCOUNTING POLICIES (continued)

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

Service cost comprising:

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

Remeasurements comprising:

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

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

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

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.4.5 Discretionary Benefits**

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

### **1.5 Events after the Reporting Period**

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

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

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

### **1.6 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

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

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

### **1.7 Government Grants and Other Contributions**

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

### **1.8 Overheads and Support Services**

Charges for services provided by the Central Support Departments within Cyngor Gwynedd are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

### **1.9 Reserves**

Specific reserves are created to set aside amounts for future spending schemes. This is done through transfers out of the General Fund Balance in the Movement in Reserves Statement.

Certain reserves, namely "unusable reserves", are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Joint Committee.

## **NOTE 1 – ACCOUNTING POLICIES (continued)**

### **1.10 Value Added Tax**

Only in a situation when VAT is irrecoverable will VAT be included or charged as 'irrecoverable VAT'. Since the Joint Committee has not registered for VAT, the VAT is recovered through Cyngor Gwynedd's VAT registration.

### **1.11 Debtors and Creditors**

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

### **1.12 Joint Operations**

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

The GwE Joint Committee has been categorised as a Joint Operation, making use of the assets and resources of the operators rather than the establishment of a separate entity.

## **NOTE 2 – CHANGE IN ACCOUNTING POLICY**

The Joint Committee's accounting policies are amended only insofar as to reflect the guidance in the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **NOTE 3- PRIOR PERIOD ADJUSTMENTS**

There are no prior period adjustments during 2025/26.

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed.

A review of the accounting standards has been carried out this year, but none of the standards in question will have a material impact on GwE.

## **NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

In recent years there had been some uncertainty about levels of funding and distribution of Welsh Government grants, with these grants being paid directly to the authorities, who then commissioned GwE services. This issue formed an important part of the Joint Committee's financial strategy, and all known factors were given due consideration.

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

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

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

The following item in the Joint Committee’s Balance Sheet at 31 May 2025 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment.

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries are involved in giving expert advice to the council about the assumptions to be used.</p> <p>Brexit and Covid had negative effects on the UK economy and pension asset values, but inflation and interest rates have decreased, and the market seems to be improving and stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation as a result of the recovery.</p>	The effects on the net pension liability of changes in individual assumptions are set out in Note 22.

**NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE**

Related items include:-

- (£12,214k) on pensions, being the remeasurements of the net defined benefit liability/(asset) relating to pensions, in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 15).
- £11,623k being the Effect of Settlement within “Un-apportioned Expenses” in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 22).

## NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2025/26	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	(48)	(162)	(210)
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Un-apportioned Expenses	0	12,362	0	12,362
Income	0	0	0	0
<b>Cost of Services</b>	<b>0</b>	<b>12,314</b>	<b>(162)</b>	<b>12,152</b>
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	(100)	0	(100)
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>12,214</b>	<b>(162)</b>	<b>12,052</b>

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2024/25	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	(1,628)	(147)	(1,775)
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Income	0	807	0	807
<b>Cost of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>(821)</b>	<b>(147)</b>	<b>(968)</b>
Other Operating Expenditure				
Financing and Investment Income and Expenditure	0	0	0	0
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

**(continued)**

### **(i) Net Change for the Pensions Adjustments**

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

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

### **(ii) Other Differences**

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

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

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

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

<b>2025/26</b>		
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>Usable Reserve General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 22)	(12,346)	12,346
Employer's pensions contributions and direct payments to pensioners payable in the year	132	(132)
<b>Adjustment primarily involving the Accumulated Absences Account</b>		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 8)	162	(162)
<b>Total Adjustments</b>	<b>(12,052)</b>	<b>12,052</b>

<b>2024/25</b>		
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>Usable Reserve General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 22)	(1,609)	1,609
Employer's pensions contributions and direct payments to pensioners payable in the year	2,430	(2,430)
<b>Adjustment primarily involving the Accumulated Absences Account</b>		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 8)	147	(147)
<b>Total Adjustments</b>	<b>968</b>	<b>(968)</b>

## NOTE 10 – TRANSFERS TO/FROM USABLE RESERVES

The Joint Committee's usable reserves were used fully during the 2024/25 financial year and there were no transfers during 2025/26, and therefore there is no balance at 31 May 2025.

## NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25	2025/26
£'000	£'000
0 Net interest on the net defined benefit liability/(asset)	(100)
(25) Interest Receivable	0
<b>(25) Total</b>	<b>(100)</b>

## NOTE 12 – SHORT-TERM DEBTORS

	31 March	31 May
	2025	2025
	£'000	£'000
Trade Receivables	35	0
Prepayments	54	0
Other Receivable Amounts	1,236	0
<b>Total</b>	<b>1,325</b>	<b>0</b>

## NOTE 13 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Cyngor Gwynedd within its own accounts. The figure shown in the table each year is the net cash sum held on behalf of the Joint Committee within the Cyngor Gwynedd amounts.

	31 March	31 May
	2025	2025
	£'000	£'000
Cash in Bank held by Host Authority	605	0
<b>Cash and Cash Equivalents</b>	<b>605</b>	<b>0</b>

## NOTE 14 – SHORT-TERM CREDITORS

	31 March	31 May
	2025	2025
	£'000	£'000
Trade Payables	268	0
Other Payables	1,824	0
<b>Total</b>	<b>2,092</b>	<b>0</b>

## NOTE 15 – UNUSABLE RESERVES

31 March 2025		31 May 2025
£'000		£'000
0	Pensions Reserve	0
(162)	Accumulated Absences Account	0
<b>(162)</b>	<b>Total Unusable Reserves</b>	<b>0</b>

### 15.1 Pensions Reserve

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

2024/25 £000		2025/26 £000
0	<b>Balance 1 April</b>	0
(821)	Re-measurements of the net defined benefit (liability) / asset (Note 22)	12,214
(1,609)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(12,346)
2,430	Employer's pensions contributions and direct payments to pensioners payable in the year	132
<b>0</b>	<b>Balance 31 March 2025</b>	<b>Balance 31 May 2025</b>
		<b>0</b>

### 15.2 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at the end of the period. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. There was no balance on the accumulated absence account at 31 May 2025 since GwE had come to an end.

2024/25 £000		2025/26 £000
(309)	<b>Balance 1 April</b>	(162)
147	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	162
<b>(162)</b>	<b>Balance 31 March 2025</b>	<b>Balance 31 May 2025</b>
		<b>0</b>

**NOTE 16 – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2024/25	2025/26
£'000	£'000
625 (Increase)/Decrease in Creditors	1,930
215 Increase/(Decrease) in Debtors	(1,325)
821 Pension Liability	(12,214)
147 Other non-cash items charged to net surplus/deficit on the provision of services	162
<b>1,808</b>	<b>(11,447)</b>

**NOTE 17 – OFFICERS' REMUNERATION**

**17a.** The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers. In compliance with the defined requirements, the pensionable pay, employer's pension contributions and other employer costs are included below (including termination benefits), but the employer's national insurance contributions are excluded. The following payments were paid to the Joint Committee's senior officers directly employed by GwE:

2024/25			Senior Officers	2025/26 (two months up to 31 May 2025)		
Salary £	Employer Pension Contributions £	Total £		Salary £	Employer Pension Contributions £	Total £
58,337	10,909	69,246	Head of GwE Service – Professional Learning <sup>1</sup>	14,655	2,740	17,395
60,220	11,261	71,481	Head of GwE Service – School Improvement <sup>1</sup>	15,101	2,824	17,925

1. The officers had been employed throughout 2024/25, but as chief officers from 1 August 2024, with only the cost of the chief officer role included above.

## NOTE 17 – OFFICERS’ REMUNERATION (continued)

**17b.** Other Joint Committee employees receiving more than £60,000 remuneration for the year\* (excluding employer’s pension and national insurance contributions), but including termination benefits. There were no redundancies in 2025/26, with the commitment for redundancies included in 2024/25. The 2024/25 numbers include termination benefits paid in 20 cases in 2024/25, and 4 of these posts would not appear below except for the termination benefits paid in the individual year. The 2025/26 numbers include 16 members of staff who received a payment for unused holiday leave at the end of their employment with GwE. The holiday payments do not have an effect on the total numbers below, but rather have an effect on the band they are included in.

<b>Number of other employees who would receive more than £60,000 and includes remuneration and termination benefits:</b>		
<b>Number in 2024/25*</b>		<b>Number in 2025/26*</b>
<b>Total</b>		<b>Total</b>
15	£60,000 - £64,999	8
14	£65,000 - £69,999	29
13	£70,000 – £74,999	5
5	£75,000 - £79,999	10
3	£80,000 - £84,999	0
2	£85,000 - £89,999	0
0	£90,000 - £94,999	0
2	£95,000 - £99,999	0
2	£100,000 - £104,999	0
2	£105,000 - £109,999	0
2	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
2	£125,000 - £129,999	0
1	£130,000, - £134,999	0

\*The numbers for 2025/26 and 2024/25 include staff which have started or finished in their employment during the year, adjusted to a full year of employment as is required.

## NOTE 18 – EXTERNAL AUDIT COSTS

The Joint Committee has incurred the following costs relating to external audit.

<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
19	Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	20
0	Adjustment of external auditor's fees for the previous year	4
<b>19</b>	<b>Net Fees</b>	<b>24</b>

GwE's 2025/26 external audit fee budget has been transferred to Cyngor Gwynedd as host Authority, to pay the Wales Audit Office, once the costs are final.

## NOTE 19 – EXIT PACKAGES

The number of exit packages with total cost per band, and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the redundancy costs and pension contribution costs to the employer, rather than the actual value of the payments to the individuals.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £'000	2025/26 £'000
£								
0 - 20,000	5	0	1	0	6	0	74	0
20,001 - 40,000	4	0	2	0	6	0	161	0
40,001 - 60,000	3	0	1	0	4	0	186	0
60,001 - 80,000	0	0	2	0	2	0	142	0
80,001 - 100,000	3	0	0	0	3	0	272	0
100,001 - 150,000	3	0	0	0	3	0	353	0
150,001 - 200,000	1	0	0	0	1	0	198	0
200,001 - 250,000	1	0	0	0	1	0	220	0
250,001 - 300,000	0	0	0	0	0	0	0	0
300,001 - 350,000	0	0	0	0	0	0	0	0
350,001 - 400,000	1	0	0	0	1	0	356	0
400,001 - 450,000	0	0	0	0	0	0	0	0
450,001 - 500,000	1	0	0	0	1	0	455	0
<b>Total</b>	<b>22</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>2,417</b>	<b>0</b>

## NOTE 20 – GRANT INCOME

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

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
<b>Grants and Contributions Credited to Services</b>				
Welsh Government	253		29	
		<b>253</b>		<b>29</b>
Other Government Grants and Contributions				
Education Workforce Council	229		34	
Welsh Local Government Association	0		446	
		<b>229</b>		<b>480</b>
Grants and Contributions from the councils <i>(includes contributions to Core Service and Commissioning Agreement*)</i>				
Conwy	1,266		90	
Denbighshire	1,249		94	
Flintshire	1,821		155	
Gwynedd	1,509		111	
Anglesey	972		43	
Wrexham	1,572		125	
		<b>8,389</b>		<b>618</b>
Other Grants and Contribution		<b>198</b>		<b>11</b>
Transition Funding for School Improvement Partnership Programme Grant (£123k from each authority)		<b>738</b>		<b>0</b>
Contributions from the authorities to fund GwE overspend (£74k from each authority)		<b>446</b>		<b>0</b>
<b>Total Grants and Contributions Credited to Services</b>		<b>10,253</b>		<b>1,138</b>

\* For the purpose of comparison with 2025/26, the 2024/25 core service and commissioning contributions have been combined.

## NOTE 21 – RELATED PARTIES

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

### Function of the Joint Committee

The Regional School Effectiveness and Improvement Service (GwE) was established as a partnership between the six north Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the councils and undertake the statutory function of the councils in respect of school improvement and effectiveness. Summarised below are the payments and income between the Joint Committee and the Local Authorities during the 2025/26 financial year. Cyngor Gwynedd has been appointed as host authority in implementing and maintaining the service, and the Joint Committee of all the partners oversees the management of the service.

	2025/26 (two months up to 31 May 2025)			
	Payments made £'000	Amounts owed by the Joint Committee £'000	Income Received £'000	Amounts owed to the Joint Committee £'000
<b>Local Authority</b>				
Conwy County Borough Council	25	0	90	0
Denbighshire County Council	9	0	94	0
Flintshire County Council	16	0	155	0
Cyngor Gwynedd	62	0	111	0
Isle of Anglesey County Council	0	0	43	0
Wrexham County Borough Council	9	0	125	0

### Members

Members of the Joint Committee have an influence over the Joint Committee’s financial and operating policies.

Members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Joint Committee. During the two months up to 31 May 2025, no payments were made or owed by the Joint Committee for the related bodies.

### Officers

The Joint Committee’s Senior Officers have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. During the two months up to 31 May 2025 no payments were made or owed by the Joint Committee for the related bodies.

## NOTE 22 – PENSION COSTS

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

GwE participates in two post-employment schemes:

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

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

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

### Transactions Relating to Post-employment Benefits

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

## NOTE 22 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Net (liability) /asset	
	31 March 2025	31 May 2025
	£'000	£'000
Fair Value of plan assets	29,888	32,638
Present value of funded obligations	(23,764)	(21,982)
Effect of the asset ceiling	(6,124)	0
<b>Opening Position as at 1 April</b>	<b>0</b>	<b>10,656</b>
Service Cost		
- Current service cost*	(802)	(84)
- Past service cost (including curtailments)	(807)	(739)
- Effect of settlements	0	(11,623)
<b>Total Service Cost</b>	<b>(1,609)</b>	<b>(12,446)</b>
Net interest		
- Interest income on plan assets	1,483	308
- Interest cost on defined benefit obligation	(1,186)	(208)
- Interest on the effect of the asset ceiling	(297)	0
<b>Total Net Interest</b>	<b>0</b>	<b>100</b>
<b>Total Defined Benefit Cost Recognised in Profit or (Loss)</b>	<b>(1,609)</b>	<b>(12,346)</b>
Cash flows		
- Participants' contributions	0	0
- Employer contributions	1,618	950
- Benefits paid	0	0
<b>Expected closing position</b>	<b>9</b>	<b>(740)</b>
Remeasurements		
- Changes in financial assumptions	4,135	400
- Changes in demographic assumptions	44	0
- Other experience	211	0
- Return on assets excluding amounts included in net interest	(164)	340
- Changes in the effect of the asset ceiling	6,421	0
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>10,647</b>	<b>740</b>
Fair value of plan assets	32,638	0
Present value of funded obligations	(21,982)	0
<b>Closing Position at the end of the financial year</b>	<b>10,656</b>	<b>0</b>

\* The current service cost includes an allowance for administration expenses of 0.6% of payroll.

**NOTE 22 – PENSION COSTS (continued)**

**Pensions assets and liabilities recognised in the Balance Sheet**

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

	<b>31 March 2025</b>	<b>31 May 2025</b>
	<b>£’000</b>	<b>£’000</b>
Fair value of plan assets	32,638	0
Present value of obligations	(21,982)	0
<b>Subtotal</b>	<b>10,656</b>	<b>0</b>
Effect of IAS 19/ IFRIC 14	(10,656)	0
<b>Net Asset/(Liability) arising from Defined Benefit Obligation</b>	<b>0</b>	<b>0</b>

The actuarial valuation of the Joint Committee’s pension scheme liabilities and pension reserve shown on the Balance Sheet reports a net asset or liability of zero.

At 31 May 2025, with GwE having come to an end, there was no liability or asset recognised.

At 31 March 2025, the Joint Committee’s Actuary, Hymans Robertson LLP, determined that the fair value of the Joint Committee’s pension plan assets outweighed the present value of the plan obligations resulting in a pension plan asset. IFRIC 14 and IAS 19 Employee Benefits require that, where a pension plan asset exists, it is measured at the lower of:

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

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Joint Committee’s actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculated asset ceiling at 31 March 2025 resulted in greater future service contributions than future service costs so the economic benefit is limited to zero. The Joint Committee relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

## NOTE 22 – PENSION COSTS (continued)

### Fair Value of Employer Assets

The asset values below are at bid value as required under IAS 19.

Asset Category	At 31 March 2025				At 31 May 2025			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b>Equity Securities</b>								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Debt Securities</b>								
Other	0	0	0	0	0	0	0	0
<b>Private Equity</b>								
All	0	1,762	1,762	5	0	0	0	0
<b>Real Estate</b>								
UK Property	0	2,077	2,077	6	0	0	0	0
Overseas Property	0	0	0	0	0	0	0	0
<b>Investment Funds and Unit Trusts</b>								
Equities	0	18,025	18,025	55	0	0	0	0
Infrastructure	0	963	963	3	0	0	0	0
Other	0	9,592	9,592	29	0	0	0	0
<b>Derivatives</b>								
Inflation	0	0	0	0	0	0	0	0
<b>Cash and cash equivalents</b>								
All	0	219	219	1	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>32,638</b>	<b>32,638</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTE 22 – PENSION COSTS (continued)

### Basis for estimating assets and liabilities

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

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

	31 March 2025	31 May 2025
<b>Financial Assumptions</b>	<b>% p.a.</b>	<b>% p.a.</b>
Pensions Increase Rate	2.75	2.75
Salary Increase Rate	3.25	3.25
Inflation Rate	2.75	2.75
Discount Rate	5.80	5.90
Long-term expected rate of return on all categories of assets	5.80	5.90
<b>Take-up option to convert annual pension into retirement lump sum</b>		
for pre-April 2008 service	65	65
for post-April 2008 service	65	65
<b>Mortality assumptions</b>	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
Men	21.6	21.6
Women	24.1	24.1
Longevity at 65 for future pensioners		
Men	22.6	22.6
Women	25.6	25.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme commitments as at 31 May 2025 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided in this note.

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

## **NOTE 22 – PENSION COSTS (continued)**

### **Impact on the Joint Committee’s Cash Flows**

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Funding levels are monitored on an annual basis.

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

### **Impact on 2025/26**

The total contributions from the GwE Joint Committee to the Local Government Pension Scheme in 2025/26 for the two months up to the end of 31 May 2025, when the GwE service ended, was £119k.

As the Actuary’s report is based on estimates and due to timing issues, adjustment of (£149k) in 2025/26, ((£812k) in 2024/25), to bring the position in the Scheme based on the Actuarial figures in line with the closing position as at 31 May 2025. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities.

## **NOTE 23 – EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised by the Head of Finance on 02 April 2026. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 May 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

## Glossary

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

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

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

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

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

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

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

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

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

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

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

**Effect of Settlements** – Marks the end of the agreement between GwE and Gwynedd Pension Fund.

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

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

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

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

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

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

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

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

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

## **ANNUAL GOVERNANCE STATEMENT**

This statement meets the requirement to produce a Statement of Internal Control pursuant to Section 5 of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018).

### **Part 1: SCOPE OF RESPONSIBILITY**

- 1.1 GwE was established as a Joint Committee to be a regional school effectiveness and improvement service by the 6 North Wales local authorities in 2013 by undertaking the functions that are detailed in an agreement between the Joint Committee and the authorities. In the agreement, the Councils agreed to work together in a partnering relationship to establish a Regional School Effectiveness and Improvement Service to be accountable to, and undertake the statutory functions of the Councils in respect of school improvement and effectiveness.
- 1.2 The vision was to establish a Regional School Effectiveness and Improvement service to be accountable to, and undertake the statutory responsibilities of the six local North Wales Authorities in respect of the duties to monitor, challenge, provide support services for curriculum, continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.
- 1.3 GwE is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.4 In discharging this overall responsibility, GwE is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk and adequate and effective financial management.
- 1.5 On December 18<sup>th</sup>, 2023, Jeremy Miles, then Minister for Education and Welsh Language halted the Middle Tier Review accepting the interim findings as final. On December 19<sup>th</sup>, 2023, the Welsh Government rationalised pre-16 education grants that were allocated to Local Authorities and Regional Consortia into the Local Authority Education Grant (LAEG). On January 31<sup>st</sup>, 2024, Jeremy Miles, Minister for Education and Welsh Language published a written statement: *The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales*. This statement outlined changes to school improvements arrangement in Wales with the regional consortia model being replaced by a partnership model between two or more Local Authorities.
- 1.6 Following the Welsh Government decision to amalgamate the main education grants under one heading, the Local Authority Education Grant (LAEG) from 2024-25 onwards, the grant has been paid to the Local Authorities to manage and delegate funding directly to schools. The requirements, risks, terms and conditions of the grant are now the sole responsibility of the individual Local Authorities. To ensure continuity of support to schools while the review progresses, Welsh Government noted that they expected any current regional working arrangements to continue during this time and be facilitated through the specific grant funding to support curriculum and professional learning in schools. The 'Curriculum for Wales' and 'Professional Learning and Leadership' elements of the 'Reform' LAEG were fully transferred to GwE by all 6 regional Authorities to deliver support on these aspects whilst meeting the terms and conditions of the grant. The GwE Budget for 2024-25 also reflects a decision by the six Local Authorities to reduce their contribution to the core service by 10%.
- 1.7 These decisions have had a significant impact on the service provided by GwE and school improvement arrangements in North Wales from April 1<sup>st</sup>, 2024. Specifically:
  - GwE has changed from being a 'regional joint service' to a commissioned service.
  - GwE is a client providing a differentiated commission to the Local Authority.

- The strategic direction for school improvement is provided by the Chief Education Officers who are held accountable by local scrutiny arrangements.
- GwE had to strictly adhere to the commission defined by the Local Authorities which is captured in the individual Commissioning Agreement for the Financial Year 2024-25.

1.8 This statement details the arrangements that have been in place for the financial year 2024-25 and in the context of the above changes.

## **Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which GwE is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authorities that are part of GwE to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of GwE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.4 The governance framework described above has been in place at GwE for the year ended 31 March 2024 and up to the date of approval of the 2024-25 statement of accounts.

### Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

- 3.1 The GwE Management Board monitors matters of governance, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement.
- 3.2 To demonstrate good governance, GwE must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). This statement has been prepared in accordance with those principles.
- 3.3 An outline is given of the Governance Areas and GwE’s arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.
- 3.4 This statement details the arrangements that have been in place for the financial year 2024-25 and in the context of the changes outlined in Part 1.

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Assessment	Assured

How we do this:

- GwE follows the host authority (Gwynedd Council) operating rules, which details how decisions need to be made and the procedures to be followed to ensure they are efficient, transparent and available to local people.
- The GwE Inter Authority Agreement have agreed to the following principles of good governance:
  - Openness and Trust
  - Commitment and Drive
  - Skills and Creativity
  - Effective Relationships
  - Developing and Adaptive
  - Reputation and Standing
  - Reasonableness of Decision Making
  - Necessary Consents
  - Members and Officers’ Commitments
- The voting members of the GwE Joint Committee are governed by the Code of Conduct of their relevant Council. The Codes of Conduct for Councillors and employees within the Constitution of the host authority are built upon the principles of openness, transparency and honesty
- The following service and personal values are embedded within the service and have been set to enable the service to achieve the vision and objectives for delivery. These include:
  - Respect;
  - Trust;
  - Wellbeing;
  - Innovate and inspire;
  - Support and collaborate;
  - Cymru a’r Gymraeg
- Staff are expected to demonstrate the highest standards of the service behaviors and values.

- GwE, supported by the host authority, has procedures in place to ensure the Joint Committee meetings are conducted effectively and decision making is effective.
- All meetings of the Joint Committee during 2024-25 have been held virtually via Zoom. Guidance has been produced for Members in relation to attending virtual meetings.

Principle B	Ensuring openness and comprehensive stakeholder engagement
Assessment	Assured

How we do this:

- The Joint Committee meetings are open meetings, and all papers are published on the host authority (Gwynedd Council) website and the GwE website.
- The Joint Committee meetings have a forward calendar of meetings set out for the year ahead.
- GwE encourages stakeholder engagement and feedback via a broad range of communication and engagement methods. Examples include: attendance at Headteacher Federation meetings; cluster groups; weekly bulletin; networks, social media etc.
- Openness and comprehensive stakeholder engagement is ensured through:
  - Joint working ensuring strong governance and regional consistency in support, messaging and guidance given to schools.
  - Establishing clear lines of communication with key stakeholders.
  - Reports for the Joint Committee
  - Sharing regular updates and ensure contact and support.
  - Sharing information, key messages and work streams with LAs / Elected Members.
  - Updating key stakeholders on various GwE matters.
  - Sharing regional information and ensure consistent messages.
  - Ensuring consistency as regards national and regional information.
  - Ensuring effective communication.
  - Liaising with key stakeholders.
- Teamwork, joint working and collaboration has also been at the heart of the work with schools. GwE has encouraged schools to collaborate through sharing practice and co-constructing areas that need improving. We have invested in various cluster models, alliances and networks, and encouraged schools to find a range of appropriate partners to deliver improvement and changes. All schools in the region are part of a cluster or a forum where they can come together to discuss operational issues as well as sharing best practice. This joint work facilitated by GwE staff has been very successful and sets a very strong infrastructure in place for future work.
- The region has also looked outward for good practice in terms of identifying effective peer review models as well as encouraging our schools to develop and evolve their own practice. GwE believe that peer engagement should closely complement the dimensions identified within the OECD publication 'What Makes a School a Learning Organisation'. The principles within sit within all Professional Learning and across GwE.
- Critical to the development of the learning organisation work, there are four transversal themes which run throughout to include Trust, Time, Technology and Thinking Together. These have been fundamental in developing GwE's approach to developing strong partnerships as trust underpins the relationships needed internally and externally for learning organisations to thrive.
- There has been agreement with Headteachers on a series of regional principles for peer engagement. A model of peer review and improvement planning was agreed (the Schools

Partnership Programme [SPP]), approved by the Management Board and Joint Committee. All GwE SIAs have received continuous training and support on peer review, facilitation, mentoring and coaching and a programmes is in place to offer SPP training to all 405 regional schools and the Referral Units.

Principle C	Defining outcomes in terms of sustainable economic, social and environmental benefits
Assessment	Assured

How we do this:

- Each Local Authority has a detailed Business Plan and a Commissioning Agreement agreed upon by the head of service and the core lead.
- GwE Business Plans with each Local Authority embrace the Terms and Conditions of the Reform grant. The plans outline how and when each priority will be met and set expectations in terms of the next steps. The plans note the support and provision available to all regional schools in terms of the 'Curriculum for Wales' and 'Professional Learning and Leadership' elements.
- The GwE Professional Learning Offer responded specifically to the terms and conditions of the grant, and offered a provision to support these aspects. The Offer was to all practitioners in north Wales in the form of a regularly updated catalogue [GwE Professional Offer](#).
- GwE has reported to the Joint Committee and the Local Authorities on the Reform element of the grant in 2024-25.
- The clear and robust accountability framework in a key strength in GwE. Detailed business plans address all aspects of the work of GwE. Plans are fully costed, with clear success criteria and milestones for delivering objectives.
- Staff on all levels fully understand their responsibility for continued improvement and accountability. Ongoing issues are referred to GwE Senior leaders in a timely manner.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
- GwE have also developed an Evaluation and Impact Strategy so that it can clearly evaluate and capture impact of its work in line with its core school improvement function and to enable it to fully meet the expectations as outlined in the School Improvement Guidance. The purpose of the strategy is to articulate clearly how GwE will engage in ongoing evaluation processes in line with its commitment to developing a culture of continuous improvement as a learning organisation. The self-evaluation processes will draw upon a range of sources that are both qualitative and quantitative which support schools in working towards the national priorities.
- There are rigorous and comprehensive arrangements in place to identify and manage risks on a local, regional and national level. The risk register is a live document, which is kept under regular review to identify increasing risks or risks which are no longer deemed as high level. It is presented to the Joint Committee on an annual basis and when new risks are identified, of which the Joint Committee needs to be made aware.

Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
Assessment	Assured

How we do this:

- GwE has procedures in place to ensure the Joint Committee meetings are conducted effectively and that decision making is effective. A series of reports have been produced and shared with the Management Board and the Joint Committee during the year.
- Visits by Estyn HMI through the Regional Consortia Link Inspector were held during the year.
- GwE has an agreed Inter Authority Agreement (IAA) that sets out clearly how the Joint Committee operates and how decisions are made and procedures need to be followed to ensure efficiency, transparency and accountability.
- The Joint Committee is a joint committee constituted by the Councils under section 101(5) and 102(1) of the Local Government Act 1972 and section 20 of the Local Government Act 2000. Meetings of the Joint Committee are subject to the provisions of the Local Government Act 1972 including the provisions on access to information and meetings held in public.
- Members of the Joint Committee and the public have the full benefit of access to the Joint Committee papers and supporting information.
- The Joint Committee meets a minimum of three times a year.
- The IAA identifies the following two categories of decisions together with the means by which they will be taken:
  - ‘Joint Committee Matter’ – being a matter which is to be decided upon at a quorate (3 voting members) meetings of the Joint Committee by those present and entitled to vote and any such decision will be binding on all the Councils;
  - ‘Matter Reserved To The Councils’ – being a matter which will have to be referred to each Council for decision and, for the avoidance of doubt, any such matter will not be dealt with by the Joint Committee (as the case may be) until the matter has been determined by all of the Councils. If the Councils fail to reach the same decision in respect of such matter then the matter shall be referred under Dispute Resolution as a dispute for resolution.
- The terms of reference and delegated powers of the Joint Committee are to promote joint working in the delivery of the Service through:
  - facilitating constructive partnership working;
  - engaging with key interested bodies and stakeholders when appropriate;
  - carrying out such other activities calculated to facilitate, or which are conducive to the successful delivery of the Service;
  - to oversee the management of the Service and ensure that the Service is provided and performs in accordance with the expectations of the Partner Authorities as reflected in the Full Business Case, Inter Authority Agreement and agreed Annual Business and Commissioning Plans;
  - to approve the budget for the Service on an annual basis;
  - to approve the business plan for the Service on an annual basis;
  - to monitor and manage the risks associated with the Service;
  - to ratify requests from the Service for additional budget funding from individual Councils;
  - to approve the staff structure of the Service;
  - to appoint the Managing Director of the Service;
  - to decide on disciplinary action against the Managing Director;
  - where required, to determine or arrange for the determination of appeals in relation to Human Resources matters.
- The Joint Committee is supported by a Management Board with the following terms of reference:
  - Co-construct the annual Business Plan, including the individual appendices to identify specific requirements at individual LA Level;
  - Monitor progress against the priorities and outcomes identified in the Business Plan on a regular basis;

- Have arrangements in place to make sure that GwE financial controls and systems are robust;
  - Provide professional advice to the Joint Committee with regard to the appointment of the Managing Director;
  - Regularly report to the Joint Committee.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
  - The consortium has effective financial management processes in place. Communication and consultation on financial arrangements is effective, and GwE staff, the host local authority and Joint Committee all review the core funding and grant expenditure on a regular basis.
  - Through the self-evaluation process, the link between the business planning process and decisions regarding financial planning is strengthened as the work streams that underpin the business plan clearly note the resources to be used.

Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
Assessment	Assured

How we do this:

- GwE staff have re-purposed their work appropriately over the last few years to continue to deliver effective services and support for all their communities of schools during and after the pandemic.
- Communication and engagement within the leadership structure of GwE has been regular and clear.
- GwE have kept true to their vision and values as an organisation that is continually learning.
- The OECD's transversal themes of Trust, Thinking together, Time and Technology have remained at the heart of the work with schools and partners.
- The service in its entirety has re focused several times to meet the needs of the range of stakeholders. The ability to be flexible and agile and to work effectively together in different teams, often cross sector, has had significant impact on organisational behaviour and external perception. At the heart of the refocusing has been the need to ensure that the well-being of school leaders, their staff and learners is paramount to the decision-making and ensuring that the right level of support, operational or professional, can be directed accurately by the service.
- The consistency and quality of challenge and support to schools is good. Regular training, support and discussions ensure that Supporting Improvement Advisers' knowledge and understanding of national and local developments, and the implications of this on their roles, is good.
- Quality Assurance processes continue to develop and evolve in line with national developments and principles. The Professional Review process has continued during the year which take into account training or development needs.
- Members also of staff have access to appropriate induction tailored to their role with ongoing training and professional development.
- The health and well-being of children and the workforce continues to be a priority, and doing all we can to support the well-being of our school staff, children and young people across the region.
- Messages and information are communicated clearly and on a regular basis to all employees. Generic, purposeful and effective support programmes are offered.

Principle F	Managing risks and performance through robust internal control and strong public financial management
Assessment	Assured

How we do this:

- The clear and robust accountability framework in a key strength in GwE. Detailed business plans address all aspects of the work of GwE. Plans are fully costed, with clear success criteria and milestones for delivering objectives.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
- Each Local Authority has a detailed Business Plan and a Commissioning Agreement agreed upon by the head of service and the core lead.
- GwE Business Plans with each Local Authority embrace the Terms and Conditions of the Reform grant. The plans outline how and when each priority will be met and set expectations in terms of the next steps. The plans note the support and provision available to all regional schools in terms of the 'Curriculum for Wales' and 'Professional Learning and Leadership' elements.
- The consortium has effective financial management processes in place. Communication and consultation on financial arrangements is effective, and GwE staff, the host local authority and Joint Committee all review the core funding and grant expenditure on a regular basis.
- There are arrangements in place to identify and manage risks on a local, regional and national level. The risk register is a live document, which is kept under regular review to identify increasing risks or risks which are no longer deemed as high level. It is presented to the Joint Committee on an annual basis and when new risks are identified, of which the Joint Committee needs to be made aware.

Principle G	Implementing good practices in transparency, reporting and audit to deliver effective accountability
Assessment	Assured

How we do this:

- The regional service evaluates its work regularly and uses information effectively to ensure that areas for improvement are identified swiftly and are firmly addressed via detailed business planning.
- The Joint Committee meetings are open meetings and all papers are published on the host authority (Gwynedd Council) website and the GwE website.
- GwE is a 'relevant body' which must maintain an adequate and effective system of internal audit of its accounting records and system of internal control. In order to comply with these statutory requirements, the internal audit service of the host authority is provided to GwE in accordance with the Public Sector Internal Audit Standards ("PSIAS"). The Standards are relevant to every internal audit service provider for the public sector, whether internal, shared service or external.

#### Part 4: SIGNIFICANT GOVERNANCE ISSUES

4.1 The above assessment indicates that there are no issues which are a significant governance issue.

#### Part 5: GOVERNANCE MATTERS IDENTIFIED

5.1 No governance issues were identified in 2024/2025.

**Part 6: OPINION**

We are of the opinion that the governance arrangements described above offer strong assurance that our governance arrangements work well.



\_\_\_\_\_  
**GwE Lead Officer**  
**Date:** 21/05/2025

\_\_\_\_\_  
**Vice-Chair of GwE Joint Committee**  
**Date:** 21/05/2025

EUROS DAVIES  
GwE HEAD OF SERVICE

COUNCILLOR PHIL WYNN  
WREXHAM COUNTY BOROUGH COUNCIL

MEETING:	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE:	<b>9 JULY 2026</b>
TITLE:	<b>TREASURY MANAGEMENT 2025/26</b>
PURPOSE:	<b>CIPFA's Code of Practice requires that a report on the results of the Council's actual treasury management is produced.</b>
RECOMMENDATION:	<b>RECEIVE THE REPORT FOR INFORMATION</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## **Executive Summary**

During the 2025/26 financial year the Council's treasury management activity remained within the limits originally set and total interest received on deposits was £1.7m which was higher than the budgeted level of £1.6m. There were no defaults by institutions in which the Council had deposited money.

### **1. Introduction**

The Council's Treasury Management Strategy for 2025/26 was approved at Full Council on 6<sup>th</sup> 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.

This report compares the actual performance against the strategy for the financial year 2025/26 and fulfils the Council's legal obligation under the Local Government Act 2003 to have regard for both the CIPFA Code and the Welsh Government's Investment Guidance.

### **2. External Context**

**Economic background:** The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

**Financial markets:** After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31<sup>st</sup> March.

**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.

Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Overall, 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.

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. Year End Position

#### Balance Sheet Summary

At 31 March 2026 the Council had net investments of £15m arising from its revenue and capital activities. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The movements are summarised in the following table:

	<b>31.3.25 Actual £m</b>	<b>2025/26 Movement £m</b>	<b>31.3.26 Actual £m</b>
CFR	180	9	189
Less: Other debt liabilities	(6)	0	(6)
<b>Borrowing CFR</b>	<b>174</b>	<b>9</b>	<b>183</b>
Less: Usable reserves	(138)	(4)	(142)
Less: Working capital	(89)	33	(56)
<b>Net borrowing/ (investment)</b>	<b>(53)</b>	<b>38</b>	<b>(15)</b>

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.

## Treasury Management Summary

	<b>31.3.25 Balance £m</b>	<b>2025/26 Movement £m</b>	<b>31.3.26 Balance £m</b>
Long- term borrowing	90.1	(20.7)	69.4
Short-term borrowing	4.0	0.5	4.5
PFI	5.5	0.8	6.3
<b>Total borrowing</b>	<b>99.6</b>	<b>(19.4)</b>	<b>80.6</b>
Short-term investments	(86.9)	39.6	(47.3)
Cash and cash equivalents	(66.0)	17.3	(48.7)
<b>Total investments</b>	<b>(152.9)</b>	<b>56.9</b>	<b>(96.0)</b>
<b>Net borrowing/ (investment)</b>	<b>(53.3)</b>	<b>37.5</b>	<b>(15.4)</b>

### 4. Borrowing Activity

At 31<sup>st</sup> March 2026, the Council held £74.3m of loans, a decrease of £20.2m on the previous year. 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.

The debt interest paid in 2025/26 was £4.6 million on an average debt portfolio of £84.4 million at an average interest rate of 5.45%.

The year-end borrowing position and the year-on-year change is summarised in the following table:

	<b>31.3.25 Balance £m</b>	<b>2025/26 Movement £m</b>	<b>31.3.26 Balance £m</b>	<b>31.3.26 Rate %</b>	<b>31.3.26 WAM* years</b>
PWLB	76.8	(3.7)	73.1	5.63	16.84
Bank (Fixed term)	16.2	(16.2)	0.0	n/a	n/a
Other	1.5	(0.3)	1.2	n/a	2.64
<b>Total borrowing</b>	<b>94.5</b>	<b>(20.2)</b>	<b>74.3</b>		

\*Weighted average maturity

The Council's main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with a secondary objective of flexibility to renegotiate loans should the Council's long-term plans change. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer- term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement

and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Council has no plans to invest primarily for financial return.

## 5. Treasury Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances have ranged between **£73.5 million and £159.8 million.**

### Treasury Investment Position

	<b>31.3.25 Balance £m</b>	<b>2025/26 Movement £m</b>	<b>31.3.26 Balance £m</b>	<b>31.3.26 Rate %</b>	<b>31.3.26 WAM* days</b>
Banks & building societies (unsecured)	6.0	(4.8)	1.2	3.15	1.0
Local Authorities	25.0	(17.0)	8.0	5.35	44.9
Money Market Funds	65.0	(17.5)	47.5	3.80	1.0
Debt Management Office	45.0	(17.9)	27.1	3.71	8.8
Pooled Funds	11.9	0.3	12.2	5.74	365+
<b>Total investments</b>	<b>152.9</b>	<b>(56.9)</b>	<b>96.0</b>		

\*Weighted average maturity

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the optimum rate of return or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Bank rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between **3.68%** and **4.45%** and money market rates **between 3.72% and 5.54%.**

**£12.2m** of the Council's investments are held in externally managed strategic pooled equity, bond and property funds where short-term liquidity is a lesser consideration, and the objectives instead are regular revenue income and long- term price stability. These funds generated an income return of **5.74%** which is used to support services in year, and an unrealised capital gain of **£0.3m** in this financial year. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Council's medium to

long term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years but with the confidence that over a three-to five year period total returns will exceed cash interest.

### Investment Benchmarking

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>WAM* (days)</b>	<b>Income Rate of Return</b>
31.03.2025	4.67	A+	50%	22	4.82%
<b>31.03.2026</b>	<b>4.50</b>	<b>A+</b>	<b>58%</b>	<b>46</b>	<b>4.49%</b>
<b>Similar LAs</b>	<b>4.38</b>	<b>AA-</b>	<b>40%</b>	<b>105</b>	<b>4.41%</b>
<b>All LAs</b>	<b>4.60</b>	<b>A+</b>	<b>64%</b>	<b>10</b>	<b>4.46%</b>

\*Weighted average maturity

### 6. Compliance Report

The section 151 officer reports that most of the treasury management activities undertaken during the year has complied with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in the following tables:

#### Debt Limits

	<b>2025/26 Maximum</b>	<b>31.3.26 Actual</b>	<b>2025/26 Operational Boundary</b>	<b>2025/26 Authorised Limit</b>	<b>Complied</b>
Borrowing	£94.5m	£74.3m	£190m	£200m	✓

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

## Investment Limits

	2025/26 Maximum	31.3.26 Actual	2025/26 Limit	Complied
The UK Government	£94.7m	£27.1m	Unlimited	✓
Local authorities & other government entities	£5m	£5m	£8m	✓
Secured investments	£0m	£0m	£8m	✓
Banks (unsecured)	£5m	£1.2m	£4m	x
Building societies (unsecured)	£0m	£0m	£4m	✓
Registered providers (unsecured)	£0m	£0m	£4m	✓
Money Market Funds	£10m	£8m	£8m	x
Strategic pooled funds	£5m	£5m	£8m	✓
Real estate investment trusts	£0m	£0m	£8m	✓
Other investments	£0m	£0m	£4m	✓

The limits imposed on two occasions were not fully complied with because historical limits had been followed. Measures are now in place to update the guidance immediately.

## 7. Treasury Management 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.

	31.3.26 Actual	2025/26 Target	Complied
Portfolio average credit score	4.50	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.

	31.3.26 Actual	2025/26 Target	Complied
Total cash available within 3 months	£83.8m	£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:

	<b>31.3.26 Actual</b>	<b>2025/26 Limit</b>	<b>Complied</b>
Upper limit on one year revenue impact of a 1% rise in interest rates	£780,309	£2,290,000	✓
Upper limit on one year revenue impact of a 1% fall in interest rates	£780,309	£2,290,000	✓

**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:

	<b>31.3.26 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied</b>
Under 12 months	6.16%	25%	0%	✓
12 months and within 24 months	1.76%	25%	0%	✓
24 months and within 5 years	2.26%	50%	0%	✓
5 years and within 10 years	31.92%	75%	0%	✓
10 years and above	57.91%	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.

**Principal Sums Invested for Periods Longer than 364 days:** 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 limits on the long-term principal sum invested to final maturities beyond the period end were:

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Actual principal invested beyond year end	£13m	£0	£0
Limit on principal invested beyond year end	£40m	£20m	£20m
<b>Complied</b>	✓	✓	✓

## 8. Recommendation

To receive the report.

<b>NAME OF COMMITTEE</b>	Governance and Audit Committee
<b>DATE OF MEETING</b>	9 July 2026
<b>ITEM TITLE</b>	ESTYN AND CARE INSPECTORATE WALES REPORT
<b>OBJECTIVE</b>	Provide the Committee with an update on the report published by Care Inspectorate Wales and Estyn – Joint Audit (November 2025) and on the work intended to be carried out in response to the recommendations in the report
<b>RECOMMENDATION</b>	Members are asked to accept the report.
<b>AUTHOR</b>	Dylan Owen, Director of Social Services

## 1. BACKGROUND

- 1.1. The Governance and Audit Committee has a function to review and assess the Council's risk management, internal control, performance management and corporate governance arrangements and as part of this function there is an expectation to consider the reports of external inspection bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.2. As well as considering reports in practice, committees are expected to assure themselves that arrangements are in place to monitor and evaluate progress against any recommendations included in the reports.
- 1.3. The ESTYN/AGW review report was published in November 2025: [Report](#). As stated in the presentation to this Committee in February 2026, several of the recommendations were already addressed through the Action Plan developed in response to the *Our Bravery Brought Justice* report. The full Response Plan Program Board documentation is now also available on the Council's website (at the bottom of the page): [Response Plan Program Board](#).
- 1.4. **Appendix 1** contains an update on the progress against the recommendations of the Estyn / CIW report. Dylan Owen, Cyngor Gwynedd's Director of Social Services, will attend the meeting to give further context to the response, expand on the content, and respond to any questions as necessary.

Estyn / CIW Improvement Area	Is the Recommendation included in the Response Plan Board's work programme?	Update (July 2026)
<p>1. Establish a corporate policy on the voice of the child and align arrangements for listening to the voice of the child under the Wales Safeguarding Procedures to ensure consistency across the education department and the children and families services; use messages from children and young people's forums to influence strategic planning directly</p>	<p>Yes Theme 1: CPR-1, NEW-1, CPR-6, Theme 2: CPR-11</p>	<p><u>The Voice of the Child Strategy</u></p> <p>A draft Voice of the Child Strategy has been completed. Observations have been received on the content by the Response Plan Programme Board members of the recovery board and have been incorporated in the current version.</p> <p>Work has been done to draw up some appendices, but not all. The appendix on the voice of children and young people in education is ready for discussion with the Children and Young People Forum, Education Strategic Groups and Gwynedd Governors Forum.</p> <p>There is work to be done to amend the current guidance of the Children's Services so that it becomes a natural part of the Strategy as a whole; the current content is wholly appropriate, but its format needs to be amended so that it reads as one. The content needs to be discussed with the Children and Young People Forum. This may be a task for the Engagement Coordinator that is currently in the process of being appointed.</p>

<p>2. Establish corporate quality assurance arrangements that measure the impact of child safeguarding and protection work on practice and on children’s well-being and use the findings to inform decisions, prioritise resources and strengthen governance at all levels.</p>	<p>Yes Theme 2: NEW-2, NEW-3, NEW-7, NEW-10 and the Quality Assurance Framework</p>	<p><u>Quality Assurance Framework</u></p> <p>The Quality Assurance Framework has now been completed and presented to the Response Plan Program Board. The Framework sets out the vision and values of the service in a clear and simple way, outlining the role of everyone within the quality assurance process, together with the expectations in terms of training, supervision and learning.</p> <p>It also places emphasis on a culture of constructive challenge, learning from feedback, complaints and reviews, and ensuring that the quality of the service provided to children and families is central to the Council's work.</p> <p>The post of Safeguarding and Quality Manager is currently being advertised, with the hope that it will be possible to fill the gap and strengthen the service's capacity by the summer.</p>
<p>3. Strengthen safeguarding training for all staff and governors, ensuring it is fit for purpose and includes information on grooming and establish robust processes to evaluate the impact of training on practice</p>	<p>Yes Theme 1: CPR-3  Theme 3: CPR-18, RP-C2, RP- B1b, RP-C2d, RP- B1a</p>	<p><u>What has already been done?</u></p> <p>Following the urgent need, an awareness element of "grooming" was added to the protection training slides for schools at the beginning of each school year (September 2025). This element is not specialist in nature, but is based on resources on the NSPCC website and focuses on raising basic awareness among school staff.</p> <p><u>Specialist Training commissioned</u></p> <p>The Department for Education and the Department for Children have jointly commissioned a more comprehensive training package from the NSPCC. The NSPCC is currently preparing the materials, with some delay due to the need for a bilingual resource. It is expected to be ready and available to us from June 2026.</p>

		<p>The training will include two parts:</p> <ol style="list-style-type: none"> <li>1. An on-line class for up to 5000 for officers across the Council, raising awareness of the signs of grooming, and how to respond, etc. The training will also be available to elected members and school Governors.</li> <li>2. Face-to-face training for 20 officers (5 sessions booked, therefore 100 officers in total). This is specific for front-line workers; Social Workers, Teachers, Designated Safeguarding Persons in Schools and Headteachers.</li> </ol>
<b>4. The local authority must:</b>		
a) inform the referrer within 7 working days of the referral outcome	Yes Theme 2.	<p>This was recognised as a challenge, considering the capacity of the service, the level of demand and the complexity of some cases, which can make responding to the referrer within the timescale difficult in practice at times.</p> <p>The service has introduced an automatic response to acknowledge receipt of the referral and give an initial update, in order to ensure better communication with the referrer while assessing whether this would meet the requirements of the expectation.</p>
b) engage with the child when they state that they are at risk of harm, abuse or neglect	Yes Theme 1: CPR-6 Theme 2: CPR-11	<p><u>Voice of the Child (Section 5 Safeguarding Procedures)</u></p> <p>The Children's Department now makes a proactive effort to ensure that a Social Worker speaks to every child who is the subject of a safeguarding referral (Section 5)</p> <p>Some challenges arise with parents feeling very uncomfortable with a social worker talking to their child and, as a result, refusing permission. Such complaints are recorded and would be continuously monitored. Initial discussions have also been</p>

		<p>held with a legal expert in order to review the rights of parents and children in accordance with safeguarding procedures.</p> <p>The process is now part of the performance measurement of the Children's Department and is monitored and scrutinised regularly.</p>
c) strengthen commissioning arrangements and the monitoring of service agreements	Not included in the Response Plan.	<p>Work is ongoing to assess brokerage opportunities, commissioning and providing quality assurance through the commissioning team. There has been a clear and obvious strengthening of our work through the commissioning team with the children's department over recent months and there is an intention, from the 1st June 2026, to establish a commissioning project / small homes / profit elimination to further strengthen this work.</p>
d) ensure regular involvement of key practitioners in strategy discussions	Yes Theme 2: NEW-3, NEW-7	<p>Ensuring that there is regular contribution from key practitioners is an integral part of safeguarding strategic discussions.</p> <p>Work is also ongoing to strengthen the way we collaborate multi-agency, especially with the Police. As part of the inspection and audit arrangements, the presence and contribution of partners in strategic meetings will be monitored, with the intention of developing further measures to enable the Response Board to scrutinise this more systematically.</p>

<b>MEETING</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DATE</b>	<b>9 July, 2026</b>
<b>TITLE</b>	<b>Recommendations and Improvement Proposals of External Audit Reports</b>
<b>PURPOSE</b>	<b>Ensure that the Audit Committee satisfies itself that the actions created in response to recommendations in external audit reports are realised.</b>
<b>AUTHOR</b>	<b>Dewi Wyn Jones, Council Business Support Service Manager</b>

## 1. The decision sought/purpose of the report

- 1.1 The Committee will need to satisfy itself that appropriate arrangements are in place to ensure that the improvement proposals that arise from external audit reports are implemented.

## 2. Introduction

- 2.1 The Governance and Audit Committee has a responsibility to consider external audit reports (national, and those local to Gwynedd), the recommendations contained in them, and the implications of these for governance, risk control or management.
- 2.2 The role of the Governance and Audit Committee in this matter is to **satisfy itself that arrangements and processes are underway to ensure that these improvement proposals are implemented**, and the Committee should not duplicate an investigation into matters that are within the remit of one of the other scrutiny committees. However, if the Committee is of the view that the arrangements - including the operation of one of the Scrutiny Committees - are inadequate, it may call in any matter for further consideration, either to the full committee or to the Improvement Working Group.

## 3. Relevant Considerations

- 3.1 In **Appendix 1**, a list is submitted of inspections undertaken by external auditors between 2025 and 2026, along with their improvement proposals.
- 3.2 We have noted whether the actions outlined in the institutional response have been completed, or the date by which we expect completion.

## 4. Reasons for Recommending the Decision

- 4.1 The Governance and Audit Committee needs to ensure correct governance within the Council by having overview of how we will respond to improvement proposals made in external audit reports.

## **Appendix 1 - JULY 2026**

### **Recommendations and Improvement Proposals of External Audit Reports**

Following the decision of this committee in January 2025, when an external report is published, an "institutional response" will come to this Committee, and then the relevant department will be given up to 12 months to carry out any necessary actions, before reporting back to this Committee that they have been carried out.

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

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

Below are the reports that have been published since January 2025, along with the dates by which Departments are expected to report back to this committee.

**TABLE 1** - recommendations due for completion by the date of this meeting.

Report title	Author	Institutional response to this committee	Completed / completion date
Financial Sustainability Review – Cyngor Gwynedd (item 9)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 16th January, 2025, 10.00 am</a>	Audit Wales	16 January 2025  <a href="#">Appendix 3.pdf</a>	<b>COMPLETED</b> (January 2026)
Review of Domiciliary Care - Cyngor Gwynedd (item 18)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 22nd May, 2025, 10.00 am</a>	Audit Wales	22 May, 2025  <a href="#">Response to Audit Wales Report.pdf</a>	<b>COMPLETED</b> (May, 2026)
Improvement Check visit to Cyngor Gwynedd (item 18)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 22nd May, 2025, 10.00 am</a>	Care Inspectorate Wales	22 May, 2025  <a href="#">Response to Care Inspectorate Wales Letter.pdf</a>	<b>SEE BELOW</b>
<p><b>Improvement Check visit to Cyngor Gwynedd - Care Inspectorate Wales</b></p> <p>The majority of recommendations have been fulfilled or are being implemented as part of the Department's ongoing arrangements.</p> <p>Your attention is drawn to an update regarding two of the recommendations:</p> <ul style="list-style-type: none"> <li>- <b>The local authority must ensure information, advice and assistance is promptly offered in a manner which is accessible.</b> This is a work programme that is prioritised by the Department and is regularly discussed at performance challenge meetings. Investigation of appropriate models has been carried out and new functions have been trialled and evaluated over the past year. A departmental decision has been made, but a job appraisal and review process has slowed down the implementation schedule. New completion date of 30/11/26.</li> <li>- <b>The local authority must prioritise its workplan for reducing the wait for domiciliary care. This to ensure people, and unpaid carers, receive timely support and to prevent escalation of need.</b> The work programme is a priority and the implementation board meets every 3 weeks. The work of the program is challenged at the Department's performance challenge meetings. A progress report submitted to the Audit and Governance Committee in May with a view to introducing a new delivery model by November 2027.</li> </ul>			

**TABLE 2** – for information only - work in progress and we shall report back to this committee after the completion date.

<b>Report title</b>	<b>Author</b>	<b>Institutional response to this committee</b>	<b>Completion date</b>
Strategic Management of Balances and Reserves (item 10)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 11th September, 2025, 10.00 am</a>	Audit Wales	11 September, 2025  <a href="#">Microsoft Word - Management Response Form. Cyngor Gwynedd.docx</a>	September, 2026
The Building Blocks? Capital Planning in Councils in Wales (item 18)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 21st May, 2026, 10.00 am</a>	Audit Wales	21 May, 2026  <a href="#">Appendix 2 - Management Response Form - Councils.pdf</a>	31 December, 2026
'The Building Blocks? Capital Planning in Councils in Wales' (Item 18)  <a href="#">Agenda for Governance and Audit Committee on Thursday, 21st May, 2026, 10.00 am</a>	Audit Wales	21 May, 2026  <a href="#">Appendix 2 - Management Response Form - Councils.pdf</a>	31 December 2026
Arrangements for commissioning Services (Item 12)  <a href="#">Agenda for Governance and Audit Committee on Tuesday, 3rd February, 2026, 1.00 pm</a>	Audit Wales	3 February, 2026  <a href="#">Appendix 2 - Management Response Form Commissioning Arrangements Gwynedd.pdf</a>	March, 2027
Temporary accommodation, long-term crisis? (Item 13)  <a href="#">Agenda for Governance and Audit Committee on Tuesday, 3rd February, 2026, 1.00 pm</a>	Audit Wales	3 February, 2026  <a href="#">4078a534-689e-4391-b964-4b820ca3b6e8</a>	March, 2027

<b>MEETING</b>	<b>Governance and Audit Committee</b>
<b>DATE</b>	<b>9 July 2026</b>
<b>TITLE</b>	<b>North Wales Corporate Joint Committee - nomination of a Lay Member for the Governance and Audit Sub Committee</b>
<b>RECOMMENDATION</b>	<b>That the Committee decides whether it wishes to nominate a Lay Member to the Governance &amp; Audit Sub Committee of the North Wales Corporate Joint Committee.</b>
<b>AUTHOR</b>	<b>Ian Jones Head of Democratic Services</b>

## 1. Background

- 1.1. A Governance and Audit Sub Committee ('GAC') has been established for the North Wales Corporate Joint Committee ('the NWCJC'). The Council has been asked to nominate a lay member of the Committee to serve on the GAC of the NWCJC. The reason for this report is to seek a nomination from the Committee.

## 2. Report details

- 2.1. The North Wales Corporate Joint Committee Regulations 2021 ('the Regulations') provided for the creation of the NWCJC in accordance with the provisions of the Local Government and Elections (Wales) Act 2021 ('the 2021 Act').
- 2.2. The Local Government (Wales) Measure 2011 provided that every principal council in Wales should have an Audit Committee. These committees were later renamed by the 2021 Act as Governance and Audit Committees.
- 2.3. The Regulations provide that the NWCJC must have its own GAC. The GAC must have one third of its membership made up of lay members.
- 2.4. The NWCJC resolved to create a GAC with nine members. The membership is to consist of six councillors, one from each of the constituent councils, and three lay members. The quorum for the GAC will be seven. A quorum will exist when there are 7 committee members present, with at least one lay member in attendance.

- 2.5. The GAC is expected to meet quarterly and each meeting is expected to last for approximately two hours. Meetings will take place remotely.
- 2.6. The NWCJC has appointed members from the existing Governance and Audit Committees of the constituent councils. Each of the constituent councils has nominated a councillor from its own Governance and Audit Committee as its principal nominee plus a second councillor to act as a substitute in order that a quorum can be achieved when the principal nominee is unavailable. Cyngor Gwynedd has already appointed its members.
- 2.7. Each constituent councils was also asked whether it would wish to nominate a lay member to serve on the GAC. 3 lay members were originally nominated to the committee.
- 2.8. Lately, one of the original lay members has stood down from the committee. Therefore, there is a vacancy for one lay member in the committee.
- 2.9. If there are more nominations from across the constituent councils than required, then the NWCJC will select lay members based upon consideration of the role description and person specification, and other background/supporting information.
- 2.10. The Independent Remuneration Panel for Wales has resolved that lay members may be paid an allowance in the same way as lay members of other Governance and Audit Committees. The NWCJC has resolved to pay lay members an hourly rate.
- 2.11. Appended to this report are documents produced by the NWCJC which contains additional information, a role description for lay members together with a terms of reference for the GAC.

#### **RECOMMENDATION**

**That the Committee nominates one Lay Member to the Governance & Audit Sub Committee of the North Wales Corporate Joint Committee.**

## **North Wales Governance and Audit Sub-Committee**

### **Background information for Independent (lay) Members**

The North Wales Corporate Joint Committee (NWCJC) is a new public regional body established by the North Wales Corporate Joint Committee Regulations 2021 further to the Local Government and Elections (Wales) Act 2021. The NWCJC's membership is comprised of 6 Council Members, one for each local authority in NW Wales, and a member from Eryri National Park Authority.

The NWCJC has responsibility for preparing Strategic Development Plans, Regional Transport Plans, and for doing whatever is deemed necessary to enhance or promote the economic well-being of the area.

NWCJC is looking for three independent members to join our new Governance and Audit Sub-Committee for a term of 4 years.

The Governance and Audit Sub-Committee will be a key component of NWCJC's corporate governance. The purpose of the Governance and Audit Sub-Committee will be to review and scrutinise the NWCJC's financial affairs and to provide an independent focus on the audit, assurance, performance and reporting arrangements that underpin good governance and financial standards.

The Governance and Audit Sub-Committee will have 9 members, including 6 Councillors and 3 independent (lay) members. The meetings are held quarterly in any calendar year, and are currently on-line.

Please find enclosed:

- The Sub-Committee's terms of reference - it will operate with due regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) good practice guidance.
- A role description and person specification – we are looking for independent-minded professionals, willing to support the Sub-Committee through their accumulated personal knowledge and experience in areas relevant to its role.

Whilst a detailed knowledge of local government is not necessary it would be expected that potential candidates would be interested in matters relating to the public sector and audit. Induction training will be provided to all new members. The Governance and Audit Sub-Committee will be chaired by a Lay Person, so a willingness and ability to fulfil this role is desirable.

## **North Wales Corporate Joint Committee**

### **Governance and Audit Sub-Committee**

#### **Independent (Lay) Member Role Description and Person Specification**

##### **Accountabilities:**

- To the CJC
- To the Chair of the Sub-Committee

##### **General Responsibilities for Lay Members:**

- Actively participate in Committee meetings and be objective, independent and impartial
- Have regard to the requirements of the Chair of the Sub-Committee and the professional advice of senior officers of the NWCJC
- To work according to the Terms of Reference of the Sub-Committee
- Contribute to the development of the forward work programme for the Sub-Committee
- Participate in any training and development required for the role
- Demonstrate independence, integrity, and impartiality in decision making according to legal, constitutional and policy requirements
- Uphold the Nolan principles of behaviour and act in accordance with the Constitution of the NWCJC and its Code of Conduct
- To report as required to the CJC
- To respond to any recommendations made by the Auditor General for Wales

##### **Role purpose and activity**

Review, scrutinise make reports and recommendations on the NWCJC's financial affairs:

- Oversee the authority's internal and external audit arrangements
- Work with internal and external auditors
- Review the financial statements prepared by the CJC

Review, assess make reports and recommendations on the NWCJC's performance management and corporate governance arrangements and its effectiveness:

- Contributing to the effective performance of the CJC
- Review the draft report of the CJC's annual self-assessment and make recommendations for changes to the conclusions or actions that the CJC intends to take
- Make recommendations in response to the draft report of the CJC's Panel Assessment

Review, assess make reports and recommendations on the NWCJC's complaints management process:

- Review and assess the CJC's ability to handle complaints effectively.
- Make reports and recommendations in relation to the authority's ability to handle complaints effectively.

Review and assess the Governance, Risk Management and Control of the CJC:

- Review and assess the risk management, internal control, and corporate governance arrangements of the CJC
- Make reports and recommendations to the CJC on the adequacy and effectiveness of those arrangements
- Review and assess the financial risks associated with corporate governance, and be satisfied that the CJC's assurance statements, including the Annual Governance Statement, reflects the risk environment and any activities required to improve it

### **Skills of Governance and Audit Committee Member**

To provide challenge and support in your role of being an independent source of support for the Governance and Audit Sub-Committee:

- An ability to analyse complex information, question, probe and seek clarification to come to an independent and unbiased view.
- Strong interpersonal skills and the ability to work with, influence and advise diverse stakeholders
- Excellent communication skills and the ability to contribute to discussions
- Confidence to challenge and hold senior staff accountable
- Independence, objectivity, and discretion with sound judgment
- Ability to maintain strict confidentiality

### **Qualifications and Experience**

You will ideally have experience of one or more of the following:

- A financial or audit type background and/or appropriate experience of financial management.
- Strong appreciation of governance principles, risk management and control, and their practical application
- Sound understanding of the roles of internal and external audit
- Knowledge of external reporting requirements under UK accounting standards
- Budget management and business planning experience
- Understanding of organisational structures, strategies, and objectives.
- Experience of working in or with large, complex organisations with an understanding of the political environment within which local government operates

### **Time Commitment**

- Attending and preparing for Governance and Audit Sub-Committee meetings held virtually.
- The Sub-Committee will meet on a quarterly basis within any calendar year.
- Supporting the lay chair in their role and contributing on a regular basis as issues arise.
- Attending training/events by agreement.

### **Terms**

- The successful candidate will be appointed for a four year term. Lay Members may spend up to a maximum of eight years on the committee.
- You will be expected to attend approximately four Sub-Committee meetings a year.
- The Sub-Committee will meet during the day, normally starting at 10am or 2pm. Meetings last 2 to 3 hours (but may be longer on occasion) and you would also need to allow for some preparation time. Formal meetings are held online and are webcast for the public to view.

- The position is a voluntary role, however you are entitled to remuneration for time preparing and attending the Sub-Committee. Lay chair of the Governance & Audit Sub-Committees hourly rate is £33.50; ordinary lay members hourly rate is £29.75.

### **Restrictions**

You should not:

- Hold a current or prospective paid office or employment, appointment, or elected to the NWCJC or one of its sub-committees
- Be disqualified from being a Member of a constituent Council or Eryri NP
- have any criminal convictions or be an un-discharged bankrupt
- have any significant business dealings with the NWCJC or any of the six constituent councils

## **TERMS OF REFERENCE [showing required amendments as track changes]**

### **The Governance and Audit Sub-Committee**

The North Wales CJC is required to establish a sub-committee to be known as the Governance and Audit Sub-Committee in accordance with paragraph 16(1) CJC Establishment Regulations 2021.

*(It is noted that in local government legislation this is referred to as a 'governance and audit committee', however as the North Wales CJC is itself a committee it is appropriate to refer to it as a sub-committee in relation to CJs.)*

### **Functions**

The sub-committee is responsible for fulfilling the following statutory functions under Section 81 of the Local Government Measure (Wales) 2011 as amended. The terms of reference of the sub-committee are set out in the CJC Establishment Regulations which state that the governance and audit sub-committee must:

- a) review and scrutinise the CJC's financial affairs,
- b) make reports and recommendations in relation to the CJC's financial affairs.
- c) review and assess the CJC's risk management, internal control, performance management and corporate governance arrangements,
- d) make reports and recommendations to the CJC regarding the adequacy and effectiveness of those arrangements,
- da) review and assess the CJC's ability to handle complaints effectively,
- db) make reports and recommendations in relation to the CJC's ability to handle complaints effectively,".
- e) oversee the CJC's internal and external audit arrangements
- f) review any financial statements prepared by the CJC.
- g) exercise such other functions as the CJC may specify

The sub-committee will undertake further functions under Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils).

The committee will also be responsible for fulfilling the following functions:-

- (i) to promote internal audit, establishing a timetable to conduct review control, develop an anti-fraud culture and review financial operations;
- (ii) to consider observations and concerns on individual services at a county level, on the basis of reports by CJC officers or the Auditor General for Wales and monitor the response and actions on the recommendations and findings.

## **Membership**

Members of a CJC Governance and Audit Sub-Committee cannot be a member of the CJC, a member of the executive of a constituent council or a co-opted member (co-opted member in this case means a person co-opted on to the CJC, or to participate in activities of the CJC, other than the Governance and Audit Sub-Committee).

Membership of the Governance and Audit Sub-Committee must be at least one third lay member and at least two thirds membership from the constituent councils. The appointment(s) will be made by the North Wales CJC.

The Chair of the Governance and Audit Sub-Committee must be a lay member. The Governance and Audit Sub-Committee should be established by the CJC comprising of lay members to be drawn from constituent councils' governance and audit committees (or externally advertised if this is not possible) and members from each constituent council. The Governance and Audit Sub-Committee may not exercise its functions if the membership contravenes these requirements.

## **Guidance of the Welsh Ministers**

The Governance and Audit Sub-Committee must have regard to any guidance given by the Welsh Ministers under Section 85(1) Local Government (Wales) Measure 2011.

## **Quorum**

The quorum for the governance and audit sub-committee shall be 7 members with at least one Lay Member in attendance.

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## **Standing Orders**

### 2.22 Governance and Audit Sub-Committee

2.22.1 The CJC must establish a sub-committee (known as the Governance and Audit Sub-Committee)

2.22.2 The Terms of Reference of the Governance and Audit Sub-Committee are set out in Part 4 of this Section 5 and those terms of reference may be amended by the CJC from time to time within statutory requirements.

2.22.3 The membership of the Governance and Audit Sub-Committee shall consist of 9 Members 6 of whom shall be elected members drawn from and nominated by the Governance and Audit Committees of each of the 6 Constituent Councils and 3 of whom shall be Lay Members.

### Meetings

Ammended/ adopted by CJC 20/03/2026

2.23 The Governance and Audit Sub-Committee are required to meet once every calendar year as a minimum.

## Governance and Audit Committee Forward Programme to July 2027

### **29 September 2026**

Implementation of Committee Decisions

Response Plan Update

Statement of Cyngor Gwynedd's Accounts for the Year Ended 31 March 2026 and the related audit

Gwynedd Harbours Final Accounts for the Year ended 31 March 2026 *(if required)*

Cyngor Gwynedd's Annual Performance Report and Self-Assessment 2025/26 *(or 22 October)*

Medium Term Financial Plan

Half Year Risk Report

Treasury Management Quarterly Update

The Council's Complaints Handling Arrangements

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

Category Management

The Committee's Forward Programme

### **4 February 2027**

Implementation of Committee Decisions

Asset Management Plan

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

Audit Wales Reports and Organisational Response

The Committee's Forward Programme



## **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

## **May 2027**

Election of Chair

Election of Vice-Chair

Implementation of Committee Decisions

Governance and Audit Committee Annual Report 2026/27

Gwynedd Harbours Draft Accounts for the Year ended 31 March 2027

Final Accounts 2026/27 – Revenue Outturn

Capital Programme 2026/27 – End of Year Review (position 31 March 2026)

Treasury Management Quarterly Report

Internal Audit Output

Head of Internal Audit Annual Report 2026/27

Audit Wales Work Plan

Audit Wales Reports and Organisational Response

The Committee's Forward Programme

## **July 2027**

Implementation of Committee Decisions

The Committee's Development Programme

Statement of Cyngor Gwynedd's Accounts for the Year Ended 31 March 2027 (Subject to Audit)

Cyngor Gwynedd's Annual Governance Statement for 2026/27

Treasury Management 2026/27

Cyngor Gwynedd's Risk Management Arrangements

The Council's Complaints Handling Arrangements

Audit Wales Reports and Organisational Response

Cyngor Gwynedd Self-Assessment 2026/27

Recommendations and Improvement Proposals of External Audit Reports

The Committee's Forward Programme