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## GOVERNANCE AND AUDIT COMMITTEE

16 January 2024

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### Attendance:

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

**Lay Members:** Carys Edwards (Chair), Sharon Warnes, Eifion Jones and Rhys Parry

**Officers:** Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Caren Rees Jones (Group Accountant - Capital and Management), Gwyn Llŷn Parry (Group Accountant - Accounting and Financial), Geraint Owen (Corporate Director), Eleri Jones (Senior Executive Officer) and Lowri Haf Evans (Democracy Services Officer).

### Others invited:

Councillor Huw Wyn Jones (Cabinet Member - Finance)

Item 6: Dylan Owen (Statutory Director of Social Services), Aled Davies (Head of Adults, Health and Well-being Department) and Lois Owens (Senior Executive Officer)

Item 9: Alan Hughes (Audit Wales) and Dewi Wyn Jones (Council Business Support Service Manager)

### 1. APOLOGIES

Apologies were received from Councillor Dafydd Meurig.

In response to a comment that there were two empty Lay Members' seats on the Committee, it was noted that the work of advertising the seats was progressing with an ongoing advertisement on the Council's website. It was noted that it was difficult to get people to show an interest and that discussions had been held with the Monitoring Officer and the Democracy Service to seek ideas on igniting interest. It was accepted that the situation was concerning and created a lack of balance in the Committee's membership.

### 2. DECLARATION OF PERSONAL INTEREST

None to note

### 3. URGENT ITEMS

None to note

### 4. MINUTES

The Chair signed the minutes of the previous meeting of this committee held on 28 November 2024, as a true record.

## 5. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

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

### RESOLVED

- **To accept the contents of the report**
- **Freedom of Information Requests Audit - request for a report setting out Council arrangements to deal with Freedom of Information matters**

Note:

Waste and Recycling – WRAP review to be shared with Members

## 6. REVENUE BUDGET 2024/25 - END OF NOVEMBER 2024 REVIEW

Submitted - a report by the Cabinet Member for Finance, detailing the latest review of the Council's revenue budget for 2024/25, and the projections towards the end of the financial year. The Committee was asked to scrutinise the information and offer comments before submitting the report for the Cabinet's approval on 21 January 2025.

Reference was made to a summary of the final position of all departments, reporting, following the end of November review of overspending, that 83% of it was in the adults and children care field, but the current projections suggested that five of the departments would overspend by the end of the year, with substantial overspending in the Adults, Health and Well-being Department, Children and Families Department, Highways, Engineering and YGC Department and the Environment Department.

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

- Work commissioned by the Chief Executive to gain a better understanding of overspends in the Adults, Health and Well-being Department – what was the timeline for this work and when would the information be shared?
- Work commissioned by the Chief Executive to clarify the detail of the picture in the children care field - the information would need to be submitted to the Committee
- That there was more demand for services - was this a case of insufficient investment, or overspending? Councils across Wales were in the same position. How did Gwynedd compare with other Councils?
- Although we were fortunate of the Council's reserves - this could not sustain the situation - there was a responsibility on Heads of Department to 'live within' the budget.
- Weaknesses in domiciliary care administration - had the situation improved?
- Reference to a mid-year spending break - was this fair if someone needed a service?
- Were there long-term plans in the Council's income fields, rather than short-term/medium-term plans? Was the income threshold too high, and consequently highlighted that the service was ineffective on paper? How much less, e.g., was the parking income in Gwynedd?
- Lack of workers - did 16 hour contracts stagnate the situation? When considering the working conditions of carers in general, had the reintroduction of inflated pay been considered?

- Gwynedd census figures - number of deaths was high - what was the impact of this? - request for details re: money per head and higher income of the bereavement/deaths service
- Was there input from the Health Board to children's out-of-county placements?

Although work had already been commissioned by the Chief Executive to look at the financial position of the Adults, Health and Well-being Department, Dylan Owen (Statutory Director for Social Services) and Aled Davies (Head of Adults, Health and Well-being Department) were invited to the meeting to provide the context and a more comprehensive explanation of the Department's budgetary headings, detailing the Department's challenging financial position.

In response to a comment regarding the input of the health service to out-of-county placements, it was noted that this was not a health issue, but rather a lack of provision of homes / accommodation to children in need. It was explained that there was an inadequate provision in Gwynedd, and therefore secure placements had to be sought outside the County. It was reiterated that the national demand for residential placements was high and that the current supply did not meet the demand - the shortage also led to a situation of having to use unregistered properties (such as caravans), which led to buying carers (agency) to look after the child(ren), which consequently maximised the costs.

It was reported that developing a residential provision through the Small Group Homes Scheme was a priority in the 2023-28 Council Plan. It was explained that the Council's expenditure on out-of-county residential placements was increasing, due to six exceptional placements this year. Developing the Small Group Homes Scheme would be an opportunity to save costs, whilst ensuring that children in residential placements could stay local, be a part of their community and be educated in the County.

In the context of Nursing Homes, it was explained that with the emergence of the Penyberth development, the Council would be able to provide nursing care in the County - a service that was currently provided by independent care providers or the third sector only. It was reiterated that these providers offered private care, and were profit-driven, and therefore, there was a need to try and reach an agreement on costs in advance. Penyberth would be a means to remodel the care sector in the County.

Attention was drawn to the overspending objective for 2024/25, and assurances were given that Gwynedd's position was not unique - this picture was commonplace across the United Kingdom. It was reiterated that Social Services was one of the County's main industries, and that it employed many people and invested heavily in the services. Reference was made to the use of 'Care Cubed'; a not-for-profit company which assisted the service to understand fees and obtain the best value for money - its use had already led to an underspend in some fields. According to the Homecare Association, the expected standard cost for domiciliary care was £34 per hour, and that Cyngor Gwynedd were paying slightly less than this, but the demand for care in the County was huge. It was noted that ongoing work was being done to ensure a balance, offering support for residents to maintain themselves and live independently.

Despite the details in the report, it was accepted that the information did not adequately highlight the expenditure, and therefore it was agreed to work with the Finance Unit to seek a clearer picture.

In addition, attention was drawn to the following matters:

- Learning Disabilities - costs varied with a presentation of new cases
- That agency staff costs were substantial, but the situation was improving

- That the recruitment of casual staff was challenging - over-reliance on a restricted number. Concern about staff sickness - work was being done to support staff well-being.
- A number of developments and efforts made to 'sell' a career pack in the Care field. With the launch of the Care Academy, the hope was to attract more workers. Gwenno Williams (Marketing and Care Careers Development Officer) had been acknowledged on the national stage for her contribution to this work.
- Savings - the situation was being reviewed regularly - new savings schemes with substantial amounts submitted
- The Department's Bad Debts Provision was substantial - the budget was insufficient.
- Welcomed the Penyberth development - the provision aided the care situation in the County in the long term.

Gratitude was expressed for the detailed explanation for the Department's substantial challenges.

In response to a question regarding Continuing Health Care and the blurred line between the responsibilities of Social Services and the Health Board, it was noted that the situation was complicated. Having considered an individual's needs (and completing a Decision Support Form), it would be required to decide how to address the health needs or / and the care needs. It was noted that decisions were being overturned regularly, which added to the service's challenges - a situation had arisen where there was a need to consider employing a person to deal with this work only.

In response to a comment that there had been slippage in four schemes worth £1.2 in the 2024/25 budget and whether there was any intention to deliver these savings, it was noted that the Department would not present savings, unless they were confident that they would deliver them. It was reiterated that costs were increasing and that it was difficult to deliver within the time-frame - realistically it was not easy to deliver within a short time, considering the work that needed to be done to change a service, e.g. timetable for the public consultation. The priority was to maintain and provide a service for the residents of the County, but the Service was also unable to provide a service to many - there was no budget for being unable to provide, and this needed to be considered in the future.

**RESOLVED:**

- **To accept the report and note the situation and relevant risks in the context of the Council's budgets and its departments**
- **Agree with the recommendations to Cabinet:**
- **To congratulate Gwenno Williams (Marketing and Care Careers Development Officer) for her contribution to the work of recruiting staff to the care field and for winning the Outstanding Personal Contribution award at the Careers Wales awards.**

**Note:**

- Work commissioned by the Chief Executive to gain a better understanding of overspends in the Adults, Health and Well-being Department – a request for the Cabinet to challenge the timetable for this work – assurance needed that this work is in place in order to set the budget.
- Work commissioned by the Chief Executive to clarify the detail of the picture in Children's care, to gain a better understanding of the issues and a clear programme of response - need to submit a more detailed analysis of the work to the Committee.
- Request for information on how Gwynedd's financial projections compare with other Councils.

- Information on higher income from the death bereavement service, lack of parking income and per capita funding details to be shared directly with Cllr Angela Russell.

## **7. CAPITAL PROGRAMME 2024/25 - END OF NOVEMBER 2024 REVIEW**

Submitted - the report of the Cabinet Member for Finance. The main purpose of the report was to present the amended capital programme (position as at the end of November 2024) and ask the Committee to consider the relevant sources of funding and scrutinise the recommendations to the Cabinet (21-01-25).

Reference was made to an analysis per Department of the £175.1 million capital programme for the 3 years from 2024/25 - 2026/27, as well as the sources available to fund the net increase which are approximately £5.4 million since the original budget.

The Assistant Head of Finance reiterated,

- There were firm plans in place to invest £102.7 million in 2024/25 on capital schemes, with £51.1 million (50%) of it being financed by attracting specific grants.
- An additional £19.7 million of proposed expenditure had been re-profiled from 2024/25 to 2025/26 and 2026/27. The main schemes that had slipped since the original budget included £9.7 million in Levelling-up Fund schemes, £7.9 million in School Schemes (Sustainable Learning Communities and Others), £5.8 million in Vehicle and Equipment Renewal, £2.7 million Economic Boost and Industrial Units Schemes, £2.5 million of Carbon Management and Solar Panels Schemes, and £2.4 million Penygroes Health and Care Hub Scheme.

Members' attention was drawn to the additional grants list which the Council managed to attract since the last review, which included £1,626,000 - Levelling Up Fund Grant Modification, £725,000 - Welsh Government Grant towards Barmouth North Promenade Scheme, £710,000 - Welsh Government Childcare Capital Grant and £406,000 - Grant from the FAW towards two Football Pitches schemes.

Reference was made to the Council's Capital Prudential Indicators, noting that there was a new requirement on the Council to report on the Prudential Code by CIPFA. It was noted that the Council complied with the policy on borrowing for capital purposes.

The members gave thanks for the report.

In response to the question regarding re-profiling and likely increasing costs to projects and if the Council reconsiders the project or asks about a grant increase, it was noted that the grant was normally a specific amount, therefore the costs would be considered when re-profiling.

### **RESOLVED:**

**To accept the report and note the situation and risks in the context of the Council's capital programme.**

## **8. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES**

Submitted - the report of the Cabinet Member for Finance requesting that the Committee notes the position and relevant risks in respect of the Savings Overview and considers recommendations to the Cabinet (22-01-2025) and provides comments as required. It was explained that £42 million of savings had been realised, which was 90% of the required £46.6 million over the period and appreciation was expressed for Council staff work in realising this. It was noted, in order to close the financial deficit, that savings to the value

of £5.6 million must be implemented in 2024/25, which was a combination of £3.6 million approved in February 2023, and new savings worth £2 million approved in February 2024.

Reference was made to the summary of each Department's savings attainment, based on the November 2024 review (total of £12 million) and it was announced that over £8 million (67%) of these schemes had already been realised, with 6% on track to achieve in full and on time. It was reiterated that there were obvious risks to realising the savings in some fields, with the main ones in the Adults, Health and Well-being Department and the Environment Department.

It was reported, following the Chief Executive's recent review of savings schemes in the waste field by the Environment Department, it was concluded that there was a need to merge three savings schemes in the commercial waste field, remove one nappy collection scheme worth £147,000 and that alternative schemes are proposed to the value of £300k from a £400k waste scheme. This will be recommended to the Cabinet for approval.

The Assistant Head of Finance reiterated, at the October Committee, that an application was made to draw up a table which differentiated between the historical situation and the latest situation so that it was possible to identify risks to the current position. It was noted that the application had been implemented with information about historical schemes which had been realised in one table, and another table addressing the historical savings that were yet to be realised.

Attention was drawn to new savings schemes per Department for 2025/26 onwards - noting that these schemes already under Council consideration were the subject of a further report to the Committee.

The members expressed their thanks for the report.

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

- Welcomed that the proposal to present information about the historical savings had been actioned - the overview of the situation was clearer
- Welcomed that 67% of efficiency savings schemes for 2024/25 had been realised
- That the 'easiest' savings had been realised - the savings that needed to be realised in the near future were difficult and so there was a need to ensure that consideration was given to an appropriate timeframe for action and give departments an opportunity to plan better for the long-term.
- Gratitude was expressed to everyone involved with the report - very challenging work presented in an understandable way

**RESOLVED:**

- **To accept the information and note the position and the relevant risks arising from slippages in the savings.**
- **Support that Cabinet approves the deletion of one savings scheme worth £146,910 relevant to 2025/26 in the waste area in the Environment Department, using the provision set aside in the budget in order to do so.**
- **Thank you to everyone involved with the report - very challenging work presented in an understandable way.**

## **9. AUDIT WALES REPORTS**

Alan Hughes and Dewi Wyn Jones (Council Business Support Service Manager) were welcomed to the meeting.

It was noted that the 'Local Government Financial Sustainability' (National Report and Local Report - Cyngor Gwynedd) reports replied to the statement that 'the financial

position of local government is unsustainable in the medium-term unless action is taken'. Over the summer 2024, Audit Wales looked at the sustainability of each Council in Wales, focusing on the strategies to reinforce the long-term financial sustainability of Councils, considering Councils' understanding of their financial position and looking at Councils' reporting procedures to reinforce regular supervision of their financial sustainability.

It was explained that the national report provided some context for the financial challenges faced by Councils and summarised the key findings of the work both nationally and locally.

When referring to the main messages of the local report, a substantial increase in the number of overspending Cyngor Gwynedd Departments was noted, and despite the fact that the Council had started to develop a strategic method to establish arrangements to assess the impact of services on the residents of the County, it had not implemented a long-term strategy to support financial sustainability. It was reiterated that the Council's use of reserves was substantial, and that there was a need to consider whether the situation was stable, with budgets under pressure.

Attention was drawn to the recommendation to address the long-term financial strategy and to the Council's response form to the review.

The Head of Finance noted that the Council was considering the best way of spending within the budget, whilst seeking service continuity for the County's residents. Reference was made to the Llechen Lân Plan's objectives as an example, which was a long-term plan and a way of ascertaining the actual cost and practicality of providing services. It was accepted that there was an intention to consider similar exercises, respond to opportunities and improve efficiency. He reiterated, although the Council's financial reserves looked healthy, he accepted that there may not be a strategic enough view of their use and a review needed to be carried out to consider whether the reserves responded to the demand or existed due to historical matters.

The members thanked the officer for the report.

In response to a comment regarding delivering statutory services successfully / failure within the budget being highlighted through figures, and that success / failures to meet statutory responsibilities would not emerge until the service would face a challenge due to a failure to achieve, and whether it was possible to list all of the Council's statutory responsibilities when setting the budget; it was noted that the budget was set by prioritising what needed to be spent on the provision of statutory services. It was reiterated, in the context of the challenge of failing to achieve, that every department's performance reports would be submitted to the relevant Scrutiny Committees and that it would be possible to show that the statutory requirements were being met in this report.

In response to a question regarding the completion date of actions to implement the long-term financial strategy and whether March 2025 was a reasonable date, it was noted, following support and guidance from CIPFA, that the work of starting to draw up a work programme for the strategy would commence mid-March 2025, with the intention of introducing a detailed work programme in March 2026.

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

- That a little more detail was needed in the action plan.
- A suggestion to trial a zero-based budget to transform some services.
- That the reports were useful and looked at the bigger picture.
- That some Councils were better placed than others to cope with the financial challenges.
- That the translation of place names on the maps in the national report needed to be corrected.

- Accepted the Council's position regarding reserves, but for a specific purpose, and not to realise savings.

**RESOLVED:**

- **To accept the National and Local report**
- **To accept the Council's response to the recommendations**

Note:

- Following the receipt of CIPFA support and guidance, the response Work Programme to be submitted to the Committee by March 2026.
- Performance Reports to be submitted to Scrutiny Committees to demonstrate that the statutory requirements are being addressed.
- To correct the translation of place names in the reports.

**10. THE GOVERNANCE AND AUDIT SCRUTINY COMMITTEE'S FORWARD WORK PROGRAMME JANUARY 2026**

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

**RESOLVED:**

**To accept the Work Programme for February 2025 - January 2026**

Request to add:

- Committee Development Programme
- Internal Audit Forward Programme
- Audit Priorities – follow-up to recommendations
- Further information about Ffordd Gwynedd
- Follow-up information on the financial position of the Adults, Health and Well-being Department and the Children and Supporting Families Department
- The need for a conversation between the relevant departments to discuss the future impact of rejecting affordable housing schemes on Gwynedd schools

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

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**CHAIR**