



**CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL**

**GŴYS A RHAGLEN**

**SUMMONS AND AGENDA**

ar gyfer

for a

**CYFARFOD O  
GYNGOR SIR  
YNYS MÔN**

**MEETING OF THE  
ISLE OF ANGLESEY  
COUNTY COUNCIL**

a gynhelir yn

to be held at the

**SIAMBR Y CYNGOR  
SWYDDFA'R SIR  
LLANGFNI**

**COUNCIL CHAMBER  
COUNCIL OFFICES  
LLANGFNI**

**DYDD MAWRTH  
27 MEDI 2016**

**TUESDAY, 27 SEPTEMBER 2016**

**→ am 2.00 o'r gloch ←**

**→ at 2.00 pm ←**

# A G E N D A

**1. MINUTES**

To submit for confirmation, the draft minutes of the meetings of the County Council held on the following dates:-

- 12<sup>th</sup> May, 2016 (10.30 am)
- 12<sup>th</sup> May, 2016 (2.00 pm)
- 26<sup>th</sup> May, 2016 (Extraordinary)

**2. DECLARATION OF INTEREST**

To receive any declaration of interest from any Member or Officer in respect of any item of business.

**3. TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL OR THE CHIEF EXECUTIVE.**

**4. QUESTIONS RECEIVED PURSUANT TO RULE 4.1.12.4 OF THE CONSTITUTION**

**5. PRESENTATION OF PETITIONS**

To receive any petition in accordance with Paragraph 4.1.11 of the Constitution.

**6. POLITICAL BALANCE**

To submit a report by the Head of Democratic Services.

**7. ANNUAL TREASURY MANAGEMENT REVIEW FOR 2015/16**

To submit a report by the Head of Function (Resources)/Section 151 Officer as presented to the Audit and Governance Committee on 25<sup>th</sup> July, 2016 and the Executive on the 19<sup>th</sup> September, 2016.

**8. STATEMENT OF ACCOUNTS FOR 2015/16 AND ISA 260 REPORT**

To present the Statement of Accounts and External Audit report on the Audit of the Financial Statements presented to the Audit and Governance Committee on 21<sup>st</sup> September, 2016.

**9. ANNUAL REPORT OF THE STATUTORY DIRECTOR OF SOCIAL SERVICES**

To submit a report by the Assistant Chief Executive (Governance and Business Process Transformation) as Statutory Director of Social Services.

**10. WELSH LANGUAGE STRATEGY**

To submit a report by the Assistant Chief Executive (Partnerships, Community and Service Improvement) as presented to the Executive on 19<sup>th</sup> September, 2016.

**11. REVIEW OF THE AUTHORITY'S GAMBLING POLICY**

To submit a report by the Head of Regulation and Economic Development as submitted to the Executive on 19<sup>th</sup> September, 2016.

**12. SENIOR OFFICERS STAFFING STRUCTURE**

To submit a report by the Head of Corporate Transformation.

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## ISLE OF ANGLESEY COUNTY COUNCIL

### Minutes of the meeting held on 12 May, 2016 (Morning Meeting)

- PRESENT:** Councillor Jim Evans (Chair)  
Councillor R.G. Parry, OBE (Vice-Chair)
- Councillors Lewis Davies, Richard Dew, Jeff Evans, Ann Griffith, John Griffith, Derlwyn Hughes, Kenneth Hughes, Vaughan Hughes, Victor Hughes, W.T. Hughes, Llinos Medi Huws, Aled M. Jones, Carwyn Jones, G.O. Jones, H. Eifion Jones, Raymond Jones, Richard O. Jones, R. Llewelyn Jones, R. Meirion Jones, Alun Mummery, Dylan Rees, J. Arwel Roberts, Nicola Roberts, Alwyn Rowlands, Dafydd Rhys Thomas, Ieuan Williams.
- IN ATTENDANCE:** Chief Executive  
Assistant Chief Executive (Partnerships, Community and Service Improvement)  
Assistant Chief Executive (Governance and Business Process Transformation)  
Head of (Function) Resources and Section 151 Officer  
Head of Function (Council) Business  
Head of Democratic Services  
Committee Officer (ATH)
- APOLOGIES:** Councillor Trefor Lloyd Hughes
- ALSO PRESENT:** Mr Mike Wilson (Chair of the Standards Committee)
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#### 1 MINUTES

The minutes of the meeting of the Isle of Anglesey County Council held on 10 March, 2016 were presented and confirmed as correct.

#### 2 DECLARATION OF INTEREST

No declaration of interest was received.

#### 3 ANNOUNCEMENTS BY THE CHAIRPERSON, LEADER OF THE COUNCIL OR THE CHIEF EXECUTIVE

The Chair made the following announcements:

- Congratulations to Mr Rhun ap Iorwerth on his re-election as the Assembly Member for Ynys Môn and best wishes to him in the post.
- Congratulations to Mr Arfon Jones on his election as the Police and Crime Commissioner for North Wales.
- Best wishes to all competitors at the Urdd National Eisteddfod to be held in Flintshire at the end of this month.
- Best wishes to all competitors at the Spring Show to be held in Builth Wells this month.
- Best wishes to all participants in the Young Farmers Rally on 14<sup>th</sup> May, 2016.
- Condolences are extended to the family of former Councillor David Lewis Roberts who passed away recently.
- Condolences are extended to former Councillor Mrs Fflur Hughes and her family on their bereavement last week.
- Condolences are also extended to any Member or any staff member of the Council who have suffered bereavement.

Members and Officers stood in silence as a mark of sympathy and respect.

Councillor Aled Morris Jones referred to the fine work undertaken by the Leaders, Carol Whittaker and Gordon Hayes, and the young people of Penysarn Youth Club who have conducted research into the local connections within the First World War and have succeeded in clarifying the family connections of a hitherto unknown individual named on the Penysarn War Memorial. He asked the Chair to write to the young people of Pensarn Youth Club in recognition of their work.

#### **4 PRESENTATION OF PETITIONS**

No petition had been received in accordance with Paragraph 4.1.11 of the Constitution.

#### **5 THE LEADER OF THE COUNCIL'S ANNUAL REPORT FOR 2015/16**

The Annual Report for 2015/16 by the Leader of the Council was presented to the Council.

The Leader referred to some of the key issues that have faced the Administration in the preceding year as follows:

- The continuing pressures of budget reductions and the challenge of delivering services within a context of financial austerity.
- Restructuring of the Senior Leadership Team.
- Ensuring progress against the objectives of the Corporate Plan – the Council's long-term improvement plan - under its six main themes.
- Other developments including confirming the Authority's participation in the Home Office Syrian Vulnerable Persons Relocation Scheme (SVPRS); working to identify sites for gypsies and travellers; welcoming the National Eisteddfod to the Island in 2017 and playing a part in the development of Wylfa Newydd.

The Leader concluded his report by thanking the Chief Executive, the Senior Leadership Team, Department Heads and all Council staff for their hard work and dedication over the past year. He also expressed appreciation for the support provided by his fellow councillors.

The Council was given the opportunity to ask questions of the Leader on the contents of the Annual Report. Clarification was sought, and was provided with regard to the following issues:

- That in order to boost the local economy, every effort will be made to secure opportunities for companies local to Anglesey and the immediate neighbourhood in the context of Energy Island developments and especially the preparatory work for the development of Wylfa Newydd.
- That consideration will be given at the appropriate time to increasing the Authority's participation in the SVPRS by giving sanctuary to more vulnerable Syrian refugees over and above the 10 families/30 individuals regarding whom a commitment has been made over the next three years.
- In respect of the Energy Island programme and the development of Wylfa Newydd, that every regard will be had of the need to mitigate any negative impacts on communities and in particular the village of Tregele and its residents as a community that will be party to major construction works.

**It was resolved to receive the report and to note its contents.**

#### **6 WELSH LANGUAGE STANDARDS AND THE COUNCIL'S LANGUAGE POLICY**

The report of the Assistant Chief Executive (Partnerships, Community and Service Improvement) incorporating a proposed Draft Welsh Language Policy was presented for the Council's approval.

It was reported that the Executive at its meeting held on 25<sup>th</sup> April, 2016 had resolved –

- *To approve the Language Policy and to authorise the relevant officers in consultation with the Portfolio Holder to complete any further editorial work on the draft policy before it is submitted to full Council.*

- *To recommend to the County Council that the Council's Welsh Language Policy be adopted as a matter of local choice and that the Council's Policy Framework be amended to reflect this as follows:*
  - *Delete "Welsh Language Scheme" from the list of those plans required by law to be adopted by the Council (part 3.2.2.1.1 of the Constitution).*
  - *Include the "Welsh Language Policy" under the list of those other plans and strategies which the Council decided should be adopted by the full Council as a matter of local choice (part 3.2.2.1.3) of the Constitution.*

The Assistant Chief Executive (Partnerships, Community and Service Improvement) reported on the context and said that progress will be monitored on an annual basis.

Councillor Llinos Medi Huws proposed an amendment to paragraph 3.2.4 of the Policy to the effect that the Council will monitor progress annually by the issuing of a report thereon to be presented to Scrutiny at the same time as the annual report on the operation of the Welsh Language Policy. Councillor R. Meirion Jones seconded the proposal and the amendment was approved by Council.

**It was resolved to endorse the Executive's recommendations and to approve the Welsh Language Policy for the Council as set out in Appendix 1 to the report subject to the amendment to paragraph 3.2.4 as outlined.**

## **7 ANTI-SOCIAL BEHAVIOUR**

The report of the Head of Function (Council Business) and Monitoring Officer regarding the delegation of powers contained within the Anti-Social Behaviour, Crime and Policing Act 2014 to appropriate officers within the Council was presented for the Council's approval.

It was reported that the Executive at its meeting held on 25<sup>th</sup> April, 2016 had resolved as follows:

*To recommend to full Council:*

- *That it adopts powers contained in the Anti-Social Behaviour, Crime, and Policing Act 2014 in respect of civil injunctions, community protection notices and orders, closure notices and orders, absolute ground for possession of dwelling houses, public spaces protection orders and premises closure orders.*
- *That it agrees to amend the scheme of delegation to officers in the Constitution to delegate the exercise of powers as adopted amongst the relevant Heads of Service as detailed in the report.*
- *That it authorises the Council's Head of Function (Council Business)/ Monitoring Officer to make the necessary changes to the scheme of delegation to officers in the Constitution to reflect the adoption and delegations of the powers contained within the Act as provided for by the report.*

**It was resolved to endorse the Executive's recommendations, and**

- **To adopt powers contained in the Anti-Social Behaviour, Crime, and Policing Act 2014 in respect of civil injunctions, community protection notices and orders, closure notices and orders, absolute ground for possession of dwelling houses, public spaces protection orders and premises closure orders.**
- **To agree to amend the scheme of delegation to officers in the Constitution to delegate the exercise of powers as adopted amongst the relevant Heads of Service as detailed in the report.**
- **To authorise the Council's Head of Function (Council Business)/ Monitoring Officer to make the necessary changes to the scheme of delegation to officers in the Constitution to reflect the adoption and delegations of the powers contained within the Act as provided for by the report.**

## **8 NEW CODE OF CONDUCT FOR MEMBERS**

The report of the Head of Function (Council Business)/ Monitoring Officer setting out changes to the Members' Code of Conduct was presented for the Council's approval.

**It was resolved –**

- **To note the changes in the Code.**
- **To authorise the Monitoring Officer to amend the Constitution to incorporate the amendments to the Code and to publish the changes in accordance with the requirements of Section 51 (b) of the Local Government Act 2000.**

#### **9 ANNUAL DELIVERY DOCUMENT (IMPROVEMENT PLAN) 2016/17**

The report of the Head of Transformation incorporating the draft Annual Delivery Document for 2016/17 was presented for the Council's approval.

It was reported that the Executive at its meeting held on 25<sup>th</sup> April, 2016 had resolved as follows:

- *To authorise Officers through the Portfolio Holder to undertake the task of completing the final draft and to recommend the 2016/17 Annual Delivery Document's adoption by the full Council at its meeting to be held on 12<sup>th</sup> May, 2016.*
- *To confirm the deliverability of the Annual Delivery Document as a plan which identifies the work of the Council aligned to the priorities of the Corporate Plan scheduled for delivery during 2016/17.*

**It was resolved to endorse the Executive's recommendations and to approve the Annual Delivery Document (Improvement Plan) for 2016/17.**

#### **10 ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2015/16**

The Annual Report of the Audit and Governance Committee for 2015/16 was presented by Councillor Robert Llewelyn Jones, Chair of the Audit and Governance Committee.

Councillor Robert Llewelyn Jones summarised the work of the Audit and Governance Committee during the year and made particular reference to the importance of Risk Management, Counter Fraud activity and monitoring Management's implementation of Audit recommendations both in terms of the Committee's work and in ensuring that the Council's corporate governance arrangements are sound.

**It was resolved to receive the report and to note its contents.**

#### **11 ANNUAL REPORT OF THE SCRUTINY COMMITTEES FOR 2015/16**

The Scrutiny Annual Report for 2015/16 was presented by Councillor R. Meirion Jones, Chair of the Corporate Scrutiny Committee and by Councillor Derlwyn Hughes, Chair of the Partnership and Regeneration Scrutiny Committee.

The Scrutiny Chairs referred to the evolving role of scrutiny and to the effectiveness of the increasing use during the year of scrutiny outcome panels to undertake detailed reviews of specific areas as well as pre-decision scrutiny to help shape and inform decision making.

**It was resolved –**

- **To note and approve the Scrutiny Committees' Annual Report for 2015/16**
- **To appoint the Chair of the Partnership and Regeneration Scrutiny Committee as the "Scrutiny Champion" from May, 2016 to May, 2017.**

#### **12 ANNUAL REPORT OF THE DEMOCRATIC SERVICES COMMITTEE FOR 2015/16**

The Annual Report of the Democratic Services Committee for 2015/16 was presented by Councillor Vaughan Hughes, Chair of the Democratic Services Committee.

**It was resolved to accept the report and to note the matters considered by the Committee during 2015/16.**

#### **13 ANNUAL REPORT OF THE STANDARDS COMMITTEE FOR 2015/16**

The Annual Report of the Standards Committee for 2015/16 was presented by Mr Mike Wilson, Chair of the Standards Committee.



Mr Mike Wilson summarised the work delivered by the Standards Committee against the objectives in its 2015/16 Work Programme as set out in Appendix A to the report and he referred in particular to an improving trend with regard to complaints and to the review of the Members' Registers of Interests and the outcome thereof. The Committee's focus for 2016/17 will be on preparing for the training that will follow the local elections in May, 2017.

**It was resolved:**

- **To note the activities of the Standards Committee in 2015/16.**
- **To endorse the Standards Committee's Programme for 2016/17 as outlined in Enclosure B of the report.**

**Councillor Jim Evans  
Chair**

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# ISLE OF ANGLESEY COUNTY COUNCIL

## Minutes of the Annual Meeting held on 12 May 2016

- PRESENT:** Councillor Jim Evans (Chair)  
Councillor Robert G Parry OBE (Vice-Chair)
- Councillors Lewis Davies, R Dew, Jeff M. Evans, Ann Griffith, John Griffith, D R Hughes, K P Hughes, T LI Hughes, Vaughan Hughes, Victor Hughes, W T Hughes, Llinos Medi Huws, A M Jones, Carwyn Jones, G O Jones, H E Jones, Raymond Jones, R LI Jones, R.Meirion Jones, Richard Owain Jones, Alun W Mummery, Dylan Rees, J A Roberts, Nicola Roberts, Alwyn Rowlands, Dafydd Rhys Thomas and Ieuan Williams.
- IN ATTENDANCE:** Chief Executive,  
Assistant Chief Executive (CT),  
Assistant Chief Executive (AM),  
Head of Function (Council Business)/Monitoring Officer,  
Head of Democratic Services,  
Committee Officer (MEH).
- ALSO PRESENT:** None
- APOLOGIES:** None

### 1. CHAIRPERSON

**It was RESOLVED that Councillor Bob Parry OBE FRAGS be elected Chairperson of the County Council for 2016/17.**

In accepting the honour of being appointed, Councillor Parry assured the Council that he would endeavour to fulfil his duties as Chairperson to the best of his abilities. He thanked his predecessor Councillor Jim Evans for the dignified and honourable way in which he had carried out his civic duties of Chair of the County Council.

The outgoing Chairperson, Councillor Jim Evans, thanked all the Members and Officers for their support during his term of office and especially to the Democratic Services Department. Councillor Evans gave a summary of the highlights of his year as Chair of the Council including raising £2,800 during the Charitable Evening held at the Carreg Bran Hotel, Llanfairpwll. The funds were distributed between Tŷ Gobaith and the Children's Ward at Ysbyty Gwynedd.

### 2. VICE-CHAIRPERSON

**It was RESOLVED that Councillor Richard O. Jones be elected Vice-Chairperson of the County Council for 2016/17.**

Councillor Richard O. Jones thanked his fellow Members for the honour and said that he looked forward to working with the Chairperson and supporting him in his duties during the forthcoming year.

### 3. TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL OR THE CHIEF EXECUTIVE

The Chairperson announced that the Chairperson's Sunday will be held at Moriah Chapel, Llangefni on the 3<sup>rd</sup> July, 2016.

#### **4. DECLARATION OF INTEREST**

The Chair stated that some Members of the County Council had raised if they should declare an interest with regard to Item 9 – Scheme of Member Remuneration 2016/17. The Head of Function (Council Business)/Monitoring Officer responded that under the Members' Code of Conduct, there is a personal interest in respect of Item 9 but there is a dispensation within the Code which stated that the interest is not a prejudicial interest and therefore every Member can participate in discussion on the item based on the dispensation.

#### **5. DELEGATION BY THE LEADER/MEMBERSHIP OF THE EXECUTIVE**

In accordance with Paragraph 4.1.1.2 of the Constitution, the Leader named the following as the Members he had chosen to serve on the Executive along with their Portfolio responsibilities :-

Councillor Richard Dew with Portfolio responsibility for Planning and Economic Development  
Councillor Kenneth P. Hughes with Portfolio responsibility for Education  
Councillor Aled Morris Jones with Portfolio responsibility for Housing and Social Services  
Councillor H. Eifion Jones with Portfolio responsibility for Finance  
Councillor J. Arwel Roberts with Portfolio responsibility for Highways, Property and Waste Management  
Councillor Alwyn Rowlands with Portfolio responsibility for Human Resources, Information Technology and Council Business  
Councillor Ieuan Williams (Leader) with Portfolio responsibility for Energy Island and Major Projects

#### **6. ELECTION OF CHAIRPERSON OF THE DEMOCRATIC SERVICES COMMITTEE FOR 2016/17**

**In accordance with Paragraph 3.4.12.3, it was RESOLVED that Councillor Vaughan Hughes be elected Chairperson of the Democratic Services Committee for 2016/17.**

#### **7. CONFIRMATION OF THE SCHEME OF DELEGATION**

**It was RESOLVED to confirm such part of the Scheme of Delegation as the Constitution determines it is for the Council to agree as set out in Part 3.2 of the Constitution.**

#### **8. POLITICAL BALANCE**

The report of the Head of Democratic Services regarding the Council's political balance arrangements was presented for consideration.

**It was RESOLVED :-**

- **To confirm the political balance arrangements and the number of seats allocated to each of the Groups under the Local Government and Housing Act 1989, and the number of seats given by custom and practice to the Members not subject to political balance as set out in the matrix appended to the report;**
- **Subject to the above, to confirm that the seats designated to the unaffiliated Members continue on the basis of current appointments;**
- **That Group Leaders advise the Head of Democratic Services as soon as possible if there are any changes to Group Membership on Committees.**

#### **9. SCHEME OF MEMBER REMUNERATION 2016/17**

The report of the Head of Democratic Services on the scheme of Member Remuneration for 2016/17 was presented for consideration.

**It was RESOLVED :-**

- **To confirm that the senior salaries should be payable to the following office holders during 2016/17 :-**

**Chair of the Council  
Vice-Chair of the Council  
Leader of the Council  
Deputy Leader of the Council  
Other Executive Members (5)  
Chair of the two Scrutiny Committees  
Chair of the Planning and Orders Committee  
Chair of the Audit Committee  
Leader of the Largest Opposition Group**

- **To approve the recommendations of the Democratic Services Committee at its meeting held on 23 March, 2016 with regard to the payment of senior salaries (as outlined in paragraph 2.11 of the report) and confirm the level of the payment of senior salaries during 2016/17 for :-**

**Executive Members  
Committee Chairs  
Civic Head and Deputy Civic Head**

- **To note other details of payments and allowances for 2016/17 as prescribed by the Independent Remuneration Panel for Wales as set out in the report.**

## **10. OUTSIDE BODIES**

The report of the Head of Democratic Services seeking confirmation of the schedule of appointments made to outside bodies was presented for consideration.

**It was RESOLVED to confirm the appointments as detailed in the schedule presented to the Committee.**

## **11. MEMBER DEVELOPMENT PLAN 2016/17**

The report of the Head of Democratic Services incorporating the Member Development Plan for 2016/17 was presented for consideration.

**It was RESOLVED to adopt and undertake the Training Plan for Members as set out in Appendix 1 to the report.**

## **12. SCHEDULE OF COUNCIL MEETINGS 2016/17**

**It was RESOLVED to approve the following programme of ordinary meetings of the County Council for the ensuing year:-**

- **27<sup>th</sup> September, 2016 at 2.00 p.m.**
- **15<sup>th</sup> December, 2016 at 2.00 p.m.**
- **28 February, 2017 at 2.00 p.m.**
- **May, 2017 (Annual Meeting) – date to be confirmed.**

## **13. CONFIRMATION OF COMMITTEES**

The Chairperson confirmed the re-appointment of the Committee structure as referred to in Section 3.4 of the Council's Constitution together with the following :-

- **Pay and Grading Panel**
- **Standards Committee Appointments Panel**
- **Standing Advisory Council on Religious Education**
- **Special Educational Needs Joint Committee**
- **Indemnities Sub-Committee**

The meeting concluded at 2.30 pm

**COUNCILLOR BOB PARRY OBE FRAgS  
CHAIR**

# ISLE OF ANGLESEY COUNTY COUNCIL

## Minutes of the meeting held on 26 May 2016

- PRESENT:** Councillor Robert G Parry OBE FRAgS (Chair)
- Councillors Lewis Davies, Ann Griffith, K P Hughes, Vaughan Hughes, Victor Hughes, Llinos Medi Huws, A M Jones, H E Jones, Raymond Jones, Alun W Mummery, Dylan Rees, J A Roberts, Nicola Roberts and Ieuan Williams
- IN ATTENDANCE:** Chief Executive,  
Assistant Chief Executive (AM),  
Head of Function (Council Business)/Monitoring Officer,  
Head of Democratic Services,  
Chief Planning Officer (EGJ),  
Lead Case Officer (AO),  
Committee Officer (MEH).
- ALSO PRESENT:** None
- APOLOGIES:** Councillor R Dew, John Griffith, T LI Hughes, W T Hughes, Carwyn Jones, G O Jones, R.Meirion Jones, Richard Owain Jones, Alwyn Rowlands and Dafydd Rhys Thomas

### 1. DECLARATION OF INTEREST

None received.

### 2. ISLE OF ANGLESEY COUNTY COUNCIL'S RESPONSE TO NATIONAL GRID ELECTRICITY TRANSMISSION LTD. (NATIONAL GRID) FINAL DRAFT STATEMENT OF COMMUNITY CONSULTATION (SOCC)

Submitted – the report of the Head of Regulatory and Economic Development together with a draft formal response to National Grid by the Chief Executive.

The Chief Planning Officer gave a brief presentation to the County Council on the Statement of Community Consultation. He reported that this is the process with regard to the Planning Act 2008. Section 47 of the Planning Act 2008 requires an applicant to prepare a 'Statement of Community Consultation' (SoCC) which sets out how the applicant proposes to consult with the local community about a proposed application for development consent. It was noted that the report presented to the Committee are the comments of the Isle of Anglesey County Council in respect to the process. Under Section 47(2) any local authority within whose boundary the proposals fall has 28 days from receipt of information about the applicant's proposals for consultation to make representations about what is to be included in the SoCC. Once the SoCC is published, applicants are required by

s47(6) to make the SoCC available for inspection by the public and publish a notice setting out where and when the statement can be inspected.

He stated that it is anticipated that National Grid will release a consultation document regarding the Menai Crossing in June/July. A Stage 2 Consultation Feedback Report should be available in the Summer of 2016. Statutory consultation will take place in October 2017 regarding Section 42/47 Consultation and a Statement of Common Ground will need to be agreed with National Grid. It is anticipated that planning applications, if any, will be dealt with by the Council in October 2017 under the Town and Country Planning Applications (TCPA's).

The Lead Officer outlined the main themes identified within the SoCC by the County Council :-

- **Consenting Process** - There is no clear distinction between Development Consent Order (DCO) application and the Town and Country Planning Applications(TCPA) and the explanation of the associated development is felt to be inadequate within the Statement of Community Consultation (SoCC) to determine which works falls into different categories. National Grid have submitted within the final draft SoCC a process/flow diagram of the DCO process. It is felt useful to have a more of an indicative timeline for submission and examination of the DCO which includes the construction phases so to allow the public informed of the next steps in the process and the likely timeframe. He noted that the consultation document needs to be clear to the scope of the DCO timings in respect of any applications and needs to be reinforced.
- **Engagement Plan** - The Officer referred to the Engagement Plan and stated it will accompany the SoCC prior to consultation; this will highlight the details of venues and public exhibitions of the National Grid's intentions. It is essential that the Council receives an early viewing of the Engagement Plan and agree on how the document will be made available to the public.
- **Consultation Zone** - More details are required from National Grid with regard to the Consultation Zones on how they intend to consult outside the identified consultation zones. At present it is difficult to identify the outside consultation zones before the National Grid affords the Council's a plan of the consultation zones first. There should be a clear and transparent linkage between the predicted effects arising from the proposals and the extent of the consultation zone. The proposal by National Grid to extend the consultation zone from 2km to 3km in the vicinity of the project continues to lack an evidence basis on which this could be deemed appropriate. The Council will require a rationale of why National Grid extended the original consultation zone from 2km to 3km and why a 5km consultation zone is not being considered as requested by the Council.
- **Consultation Timing** - The National Grid needs to be mindful with regard to Consultation Timing to other local projects such as Horizon Nuclear Power's Wylfa Newydd proposals. Confirmation is required as to the publication date of the Stage 2 Consultation Feedback Report, ensuring that this takes place before the statutory consultation commences in autumn 2016.



The Lead Officer further stated that work needs to be done with regard to 'hard to reach' groups/visitors/local interest groups. He noted that there is no Tourist Information Centre on the Island only tourist information points within key settlements and the County Council would expect National Grid to make full use of these facilities/hubs within the community.

- **Mitigation** – The SoCC lacks details by the National Grid on how the company intends to consult with the local community on proposed mitigation measures and opportunities for environmental enhancement or compensation. Sufficient information is required how processes for developing mitigation upon which the local communities can provide informed consultation feedback.
- **Effective Consultation (will the SoCC deliver effective consultation?)** – National Grid has carried out 2 non-statutory consultations in 2012 on its strategic options and route options in 2015. However, it appears from the SoCC that National Grid only intends to carry out a single stage consultation on its chosen cable route and this raises a number of issues with regard to its scope of the consultation included within the SoCC. It is critical the consultation engages as many people as possible. The extent to which the consultation documents will need to clearly set out how the preferred route has been identified and the regard that has been had to the previous non-statutory consultation in arriving at that route.

The Lead Officer stated that there are a number of matters that require further consideration and detail before the Council can be confident that the SoCC will deliver effective community consultation.

Members of the County Council considered the report and made the following comments thereon :-

- National Grid need to respond as to why a 5km consultation zone is not being considered as was requested by the County Council previously.
- The National Grid should be further made aware that the stance of the Council still remains that no additional electricity transmission lines and cables are constructed across the Island and the Menai Straits.
- Questions were raised as to the suitability of tourist information points due to the lack of a Tourist Information Centre on the Island. The Chief Planning Officer responded that within the Engagement Plan the Council will raised questions as to where the National Grid intend to advertise information in respect of this important development. It was reiterated that information needs to be available to all the residents of the Island.

**RESOLVED :-**

- **To accept the report and to request a further revised draft SoCC from the National Grid before it is finalised;**
- **With reference to the above, to grant authority to the Chief Executive to agree to the further revised document before the SoCC is finalised;**

- **To delegate authority to the Chief Executive to carry out amendments and variations which are identified and deemed reasonably necessary prior to the formal issuing of the Council's response;**
- **To delegate authority to the Chief Executive to sign off National Grid's Engagement Plan;**
- **To endorse the Council's previously established position in that no additional electricity transmission lines and cables are constructed across Anglesey and the Menai Straits.**

The meeting concluded at 10.30 am

**COUNCILLOR BOB PARRY OBE FRAgS  
CHAIR**

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>MEETING:</b>	<b>COUNTY COUNCIL</b>
<b>DATE:</b>	<b>27 SEPTEMBER 2016</b>
<b>TITLE OF REPORT:</b>	<b>POLITICAL BALANCE ARRANGEMENTS WITHIN THE COUNCIL</b>
<b>REPORT BY:</b>	<b>HEAD OF DEMOCRATIC SERVICES</b>
<b>PURPOSE OF REPORT:</b>	<b>TO REVIEW POLITICAL BALANCE ON COMMITTEES</b>

1.0 Following the resignation of Councillor W.T. Hughes from the Independent group, the Council needs to review political balance arrangements on its Committees.

2.0 The Local Government and Housing Act 1989 sets out the main principles governing political balance, which are:

*“(a) that not all the seats on the body are allocated to the same political group;*

*(b) that the majority of the seats on the body is allocated to a particular political group if the number of persons belonging to that group is a majority of the Authority’s membership;*

*(c) subject to (a) and (b) above, the number of seats on the ordinary committees of a relevant Authority which are allocated to each political group bears the same proportion to the total of all the seats on the ordinary committees of that Authority as is borne by the number of members of that group to the membership of the Authority; and*

*(d) subject to paragraphs (a) to (c) above, that the number of the seats on the body which are allocated to each political group bears the same proportion to the number of all the seats on that body as is borne by the number of members of that group to the membership of the Authority.”*

3.0 In terms of Group Membership the current position is as follows:-

Plaid Cymru Party of Wales	-	12
Labour	-	2
Independent Group	-	11
Revolutionist Group	-	2
Unaffiliated	-	3

- 4.0 The attached Matrix sets out the entitlement of seats to each group and the seats to non-affiliated members in accordance with local convention. Basically, there is an overall reduction of 4 seats allocated to the Independent Group across all Committees.
- 5.0 In accordance with political management protocols, political management arrangements have been discussed with Group Leaders.
- 6.0 **Recommendations:-**
- (i) to confirm the political balance arrangements and the number of seats allocated to each of the Groups under the Local Government and Housing Act 1989, and the number of seats given by custom and practice to the Members not subject to political balance as set out in the matrix;
  - (ii) subject to (i) above confirm that the seats designated to the unaffiliated Members and appointments on Committees
  - (iii) that the Leader notifies the Head of Democratic Services with regard to the Independent Group's membership on various Committees as a result of changes.

**Huw Jones**  
**Head of Democratic Services**  
**19/09/16**

<b>Medi 2016</b>
<b>September 2016</b>

<b>Balans ar y Cyngor Sir</b>	
<b>Balance on County Council</b>	
Plaid Cymru	12
Party of Wales	
Llafur	2
Labour	
Grwp Annibynnol	11
Independent Group	
Grwp Chwyldroad	2
Revolutionist Group	
Heb Ymaelodi*	3
Unaffiliated*	
	30

<b>PWYLLGORAU CRAFFU A THROSOLWG</b>			
<b>SCRUTINY AND OVERVIEW COMMITTEES</b>			
<b>Pwyllgorau</b>	Partneriaeth	Corfforaethol	Cyfanswm Craffu
<b>Committees</b>	Partnership	Corporate	Total Scrutiny
Aelodaeth Membership	10	10	20
	4	4	8
	4	4	8
	0.666667	0.66667	1.33333
	1	0	1
	3.666667	3.66667	7.33333
	4	4	8
	0.666667	0.66667	1.33333
	0	1	1
	1	1	2
	1	1	2
	10	10	20
	10	10	20

<b>ALLWEDD</b>	<b>KEY</b>
<i>Chwith uchaf, italic = hawl ffracsiynol damcaniaeth</i>	
<i>Top left, italic, theoretical fractional entitlement</i>	
Dde isaf, arferol = awgrym rhif llawn	
Bottom right, normal = whole number suggestion	

<b>Pwyllgorau</b>	<b>LLED-FARNWROL QUASI-JUDICIAL</b>								<b>PWYLLGORAU ERAILL Y CYNGOR OTHER COMMITTEES OF THE COUNCIL</b>							<b>Cyfanswm Eraill Total Others</b>
	Cynllunio a Gorchymnion	Archwilio	Gwasanaethau Democratiaidd	Penodiadau	Ymchwilio	Disgyblu	Apeliadau	Trwyddedu	CYSAG	Anghenion Addysgol Arbennig Special Educational Needs	Cynllunio ar y cyd	Tal a Graddio	Penodi Safonau	Is-Bwyllgor Indemniadau		
<b>Committees</b>	Planning and Orders	Audit	Democratic Services	Appointments	Investigation	Disciplinary	Appeals	Licensing	SACRE		Joint Planning	Pay and Grading	Standards Appointing	Indemnities sub-Committee		
Aelodaeth Membership	11	8	10	10	3	3	10	11	6	7	7	6	3	5	100	
Plaid Cymru	4.4	3.2	4	4	1.2	1.2	4	4.4	2.4	2.8	2.8	2.4	1.2	2	40	
Party of Wales	5	3	4	4	1	1	4	5	2	3	3	2	1	2	48	
Llafur	0.73333	0.53333	0.66667	0.66667	0.2	0.2	0.66667	0.73333	0.4	0.46667	0.46667	0.4	0.2	0.33333	6.66667	
Labour	0	0	1	1	1	0	0	0	1	1	1	1	0	0	7	
Grwp Annibynnol	4.03333	2.93333	3.66667	3.66667	1.1	1.1	3.66667	4.03333	2.2	2.56667	2.56667	2.2	1.1	1.83333	36.66667	
Independent Group	4	3	4	4	1	1	4	4	1	3	3	2	1	1	36	
Grwp Chwyldroad	0.73333	0.53333	0.66667	0.66667	0.2	0.2	0.66667	0.73333	0.4	0.46667	0.46667	0.4	0.2	0.33333	6.66667	
Revolutionist Group	1	1	1	1	0	0	1	1	0	0	0	1	0	0	7	
Heb Ymaelodi	1.1	0.8	1	1	0.3	0.3	1	1.1	0.6	0.7	0.7	0.6	0.3	0.5	10	
Unaffiliated	1	1	0	0	0	1	1	1	2	0	0	0	1	2	10	
	11	8	10	10	3	3	10	11	6	7	7	6	3	5	100	
	11	8	10	10	3	3	10	11	6	7	7	6	3	5	100	

<b>CYFANSWM LLAWN</b>	120
<b>GRAND TOTAL</b>	120
	48
	48
	8
	8
	44
	44
	8
	8
	12
	12
	120
	120

\* Diffinir aelodau heb ymaelodi fel Aelodau nad yw'n rhan o o grŵp gwleidyddol yn y Cyngor  
 \*Unaffiliated Members are defined as those Members who are not Members of political groups represented on the Council

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>COUNTY COUNCIL</b>
<b>DATE:</b>	<b>27 SEPTEMBER 2016</b>
<b>SUBJECT:</b>	<b>ANNUAL TREASURY MANAGEMENT REVIEW FOR 2015/16</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR H E JONES</b>
<b>LEAD OFFICER(S):</b>	<b>R MARC JONES</b>
<b>CONTACT OFFICER(S):</b>	<b>CLAIRE KLIMASZEWSKI/ELFED ROBERTS (EXT. 1865/2608)</b>
<b>Nature and reason for reporting</b>	
<p>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2015/16 (Appendix 8 of the Treasury Management Strategy Statement 2015/16). In accordance with the Scheme of Delegation, this report was scrutinised by the Audit Committee on 25 July 2016, and the Committee resolved to accept and note this report, and to forward it to the Executive without further comment. The report was accepted by the Executive on 19 September 2016 and passed to the County Council without further comment.</p>	

## Summary

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 26 February 2015);
- a mid-year treasury update report (received on 10 March 2016);
- an annual review following the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council.

In order to support the scrutiny role of the members of the Audit Committee Member training on treasury management issues was undertaken during July 2014 and a refresher course will be provided during 2016.

During 2015/16, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

Data for actual prudential and treasury indicators	2014/15 Actual £000	2015/16 Original £000	2015/16 Actual £000
Capital expenditure			
• Non-HRA	15,769	15,520	16,369
• HRA	5,518	8,590	27,607
• Total	21,287	24,110	43,976
Total Capital Financing Requirement:			
• Non-HRA	85,926	92,787	84,297
• HRA	22,650	43,836	43,360
• Total	108,576	136,623	127,657
Gross borrowing	89,590	126,000	110,744
External debt	89,590	165,000	110,744
Investments			
• Longer than 1 year			-
• Under 1 year	10,983		16,210
• Total	10,983		16,210

Other prudential and treasury indicators are to be found in the main body of this report. The S151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit), was not breached.

The financial year 2015/16 continued the challenging investment environment of previous years, namely low investment returns.

## RECOMMENDATIONS

The Committee is recommended to:-

- (i) Note that the outturn figures in this report will remain provisional until the audit of the 2015/16 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in this report will be reported as appropriate;
- (ii) Note the provisional 2015/16 prudential and treasury indicators in this report;
- (iii) Consider the annual treasury management report for 2015/16 and pass on to the next meeting of the Executive with any comments.

## Appendices:

- Appendix 1 - Summary Portfolio Valuation as at 31 March 2016
- Appendix 2 - Credit ratings of investment counterparties and deposits held with each as at 31 March 2016
- Appendix 3 - Credit ratings of investment counterparties and deposits held with each at 15 July 2016
- Appendix 4 - The Economy and Interest Rates – A Commentary by Capita Asset Services

## Background papers

- Treasury Management Strategy Statement 2015/16
- Prudential and Treasury Indicators 2015/16
- Treasury Management Mid-Year Review Report 2015/16



## 1. INTRODUCTION

This report summarises the following functions / activities / outcomes in financial year 2015/16:-

- Capital activity;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

## 2. THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2015/16

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:-

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- Financed from borrowing; this may be through planned borrowing or otherwise. If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m	2014/15 Actual (£m)	2015/16 Estimate (£m)	2015/16 Actual (£m)
Non-HRA capital expenditure	16	15	16
HRA capital expenditure	5	9	28
<b>Total capital expenditure</b>	<b>21</b>	<b>24</b>	<b>44</b>
Non-HRA financed in year	11	8	18
HRA financed in year	5	6	3
<b>Non-HRA capital expenditure financed by borrowing</b>	<b>5</b>	<b>10</b>	<b>2</b>
<b>HRA capital expenditure financed by borrowing</b>	<b>0</b>	<b>0</b>	<b>21</b>

## 3. THE COUNCIL'S OVERALL BORROWING NEED

3.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2015/16 capital expenditure financed by borrowing (see above table), and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources.

**3.2** Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council.

### 3.3 Reducing the CFR

**3.3.1** The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

**3.3.2** The total CFR can also be reduced by:-

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

**3.3.3** The Council's 2015/16 MRP Policy (as required by WG Guidance) was approved as part of the Treasury Management Strategy Report for 2015/16 on 26 February 2015.

**3.3.4** The Council's CFR for the year is shown below, and represents a key prudential indicator. This would include any PFI and leasing schemes on the balance sheet, which would increase the Council's borrowing need, the CFR. There were no such schemes during the year.

CFR: Council Fund	2014/ 15 Actual (£m)	2015/ 16 Budget (£m)	2015/ 16 Actual (£m)
Opening balance	85	93	86
Add capital expenditure financed by borrowing(as above)	5		2
Less MRP/VRP*	(4)	(4)	(4)
Closing balance	86	92	84

CFR: HRA	2014/ 15 Actual (£m)	2015/ 16 Budget (£m)	2014/ 15 Actual (£m)
Opening balance	24	44	23
Add unfinanced capital expenditure (as above)	-	-	21
Less MRP/VRP*	(1)	(1)	(1)
Closing balance	23	43	43

\* Includes voluntary application of capital receipts

**3.3.5** The borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

### 3.4 Gross borrowing and the CFR

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2015 Actual (£m)	31 March 2016 Budget (£m)	31 March 2016 Actual (£m)
Gross borrowing position	89.6	110.7	110.7
CFR	108.6	136.6	127.7

**3.4.1** As part of the financing of capital expenditure for 2015/16 borrowing was used to finance the gap between available resources (capital receipts, capital grants, capital contributions and revenue contributions) and the capital expenditure. It was decided, in light of current and projected market interest rates and counterparty credit risks, to continue internalising borrowing, in the short term at least. This means that instead of borrowing externally from the PWLB, the Council has instead used its own council reserves. This strategy has now been implemented throughout each of the last five years. As a result of continuing with this strategy, the gap between CFR and external borrowing increased during 2015/16 by £19m. The gross borrowing at 31 March 2016 is less than the forecast CFR for the following 2 years. The gross borrowing position has increased during 2015/16 due to the loan from the PWLB for the HRA Buy-out which replaces the former subsidy payments to Welsh Government. This has also had a significant impact on the capital financing requirement.

**3.5** The other debt related indicators are:

**3.5.1 The authorised limit** - the authorised limit is the "affordable borrowing limit" required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council maintained gross borrowing within its authorised limit.

**3.5.2 The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**3.5.3 Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16
Authorised limit	£165.0m
Maximum gross borrowing position	£110.7m
Operational boundary	£126.0m
Average gross borrowing position	£110.7m
Financing costs as a proportion of net revenue stream - CF	6.06%
Financing costs as a proportion of net revenue stream - HRA	13.83%

The reason for the Council Fund financing costs being a marginally lower percentage of the net revenue stream than estimated in the Treasury Management Strategy 2015/16 (6.53%) was due to lower than budgeted financing costs, combined with lower than budgeted investment income and higher than expected net revenue stream.

#### 4. TREASURY POSITION AS AT 31 MARCH 2016

4.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2015/16. The borrowing and investment figures for the Council as at the end of the 2014/15 and 2015/16 financial years are as follows:-

	31 MARCH 2015			31 MARCH 2016		
	£'000	Average Rate (%)	Average Maturity (yrs)	£'000	Average Rate (%)	Average Maturity (yrs)
Debt: All Public Works Loans Board, fixed rate	89,585	5.72	25.4	110,741	5.72	24.9
CFR	108,582			127,657		
Over / (under) borrowed	(18,997)			(16,916)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	Nil			5,000	0.50	
No notice investments (all managed in house)	10,983	0.36		11,209	0.35	
Total Investments	10,983	0.36		16,209	0.40	

See a more detailed analysis in Appendix 1. The upper limits for fixed rate and variable rate exposures were not breached during the year.

4.2 Borrowing is further broken down by maturity as:-

	31 MARCH 2015		31 MARCH 2016		2014/15 and 2015/16 Limits	
	£m	% of total	£m	% of total	% of total (upper)	% of total (lower)
Total borrowing	89.6	100	110.7	100		
Under 12 months	0.0	0.0	0.0	0.0	20	0
12 months and within 24 months	0.0	0.0	5.5	4.97	20	0
24 months and within 5 years	15.5	17.3	14.5	13.10	50	0
5 years and within 10 years	8.8	9.8	4.2	3.79	75	0
10 years and above	65.3	72.9	86.5	78.14	100	0

4.3 There was no debt rescheduling during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable. New external borrowing of £21.169m was taken out during the year to fund the HRA Buy-out from the Welsh Government HRA Subsidy system.

- 4.4** Part of the Council's deposits are held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £11.0m at 0.35% (31 March 2015 11m at 0.36%). There was one deposit being held for a period of less than 1 year for £5m at an interest rate of 0.50% (31 March 2015: Nil).

## **5. TREASURY STRATEGY FOR 2015/16**

- 5.1** The expectation for interest rates within the strategy for 2015/16 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2015/16. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 5.2** In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 5.3** The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.
- 5.4** The economic position and PWLB and investment rates are shown in Appendix 4.

## **6. INVESTMENT OUTTURN FOR 2015/16**

- 6.1** The Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1, 2016 but then moved back to around quarter 2, 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.
- 6.2** The expected investment strategy was to keep to shorter term deposits (up to 364 days) although the ability to invest out to longer periods was retained. Available cash balances were expected to be up to £30m, ranging between £15m and £35m. The budget was set at 0.75% or £225k after adjusting for the higher rates on existing investments. As it turned out, average balances of £20.4m returned £88k (0.36%). The lower than budgeted average cash balance was partly the result of continuing to internalise borrowing. The lower than budgeted return was due to worse than anticipated rates of return on investments, with rates continuing to fall throughout the year.

## **7. INVESTMENT SECURITY AND CREDIT QUALITY**

- 7.1** No institutions in which we had made investments had any difficulty in repaying investments and interest on time and in full during the year.

- 7.2** During 2015/16, credit ratings remained poor across the range of our usual counterparties. Since late 2008 it has been challenging to place deposits with appropriate counterparties. In December 2008, the Council's approval was obtained to extend flexibility with counterparties to deal with market changes; this included the ability to invest all our surplus funds with central government if necessary. The list was further widened in April 2010 to include nationalised and partly nationalised institutions and this list was clarified in March 2013 in relation to nationalised and part nationalised UK banks for the 2014/15 criteria. Previous decisions had extended flexibility for investing with local authorities. Appendix 2 shows the institutions where the Council's deposits were held as at 31 March 2016 and their ratings.
- 7.3** The practical effect of these policies was as follows: during the year we continued to use no notice accounts with major high street institutions (Santander, HSBC, RBS and Bank of Scotland) for day to day cash flow. In addition £5m was placed in 3 month deposits with Nationwide at a higher rate of 0.50%.

## **8. ACTIVITY DURING 2015/16**

- 8.1** It has previously been reported that this Authority was preparing to exit the HRA subsidy system on 2nd April 2015. At the time of reporting for Quarter 3 2014/15, treasury activity, it was known that the buyout was to be financed through the PWLB, but the settlement amount and rate of interest on the borrowing were under consultation. The potential effect of the buy-out was reflected in the budget setting papers presented to Members for 2015/16 (including the 2015/16 Treasury Management Strategy Statement presented to this Committee for scrutiny on 9th February 2015). It can be confirmed that that buy-out took place and the HRA is now self-financed. The exact structure of loans arranged by the Council to fund its self-financing of the HRA, reflected the requirements of the HRA business plan, the overall requirements of the Council and certain limitations, (e.g. the minimum average duration of any borrowing), put in place by the Welsh Government. The loans were, therefore, arranged at a set of bespoke, higher PWLB interest rates that applied only to Welsh HRA self-financing authorities and may make these loans less flexible, from a restructuring perspective, than would normally be the case.

## **9. ACTIVITY SINCE 2015/16**

- 9.1** The UK referendum result on 23 June 2016 to leave the European Union and the political instability which followed the result has created an economic shock which saw the value of sterling decrease; impacted on stock market values and led to UK banks long-term outlook being downgraded from stable outlook to negative outlook. All the council's deposits are held in banks which have been downgraded. However their short and medium term ratings are still within the appropriate ratings approved in the Treasury Management Strategy 2015/16. The status of the banks and the Council's deposits are under constant review to ensure that the Council's risks are minimised. The bank base rate has been held at the same rate currently at 0.50% however it is predicted that there will be a cut in the rate in the future to support the economy during the uncertain period following the EU referendum. While this would undermine interest earned on deposits further it would reduce the cost of borrowing from PWLB which would make external borrowing for capital expenditure more attractive. Appendix 3 shows the Council's current deposits and the ratings of the financial institutions the deposits are invested in (as at 15 July 2016). It shows that despite the downgrading of UK banks generally since the referendum there is little change in the individual ratings per institution the authority holds deposits in.

## **10. CONCLUSION**

- 10.1** A review of the Treasury Management Performance for 2015/16 has been provided. The year was fairly stable with the most significant activity being a loan from PWLB amounting to £21.169m for the HRA Buy-out from the annual subsidy to Welsh Government. This will not only save the Council money but offers the HRA increased flexibility to manage its housing stock. The council held appropriate cash balances at all times though the low interest rate meant that the returns were low. However this is consistent with the Treasury Management Strategy 2015/16 where the key objectives were low risk and ensuring there is sufficient cash to pay the council's creditors, etc. The financial position of the Council's financial instruments as at 31 March 2016 is shown in appendix 1.

**R MARC JONES  
HEAD OF FUNCTION (RESOURCES) &  
SECTION 151 OFFICER**

**25 JULY 2016**

**Summary Portfolio Valuation  
As at 31 March 2016**

<b>FINANCIAL ASSETS</b>	<b>Nominal / Principal (£)</b>	<b>Fair Value (£)</b>
Cash (interest bearing accounts) (1)	11,209,812	11,239,940
Fixed Term Deposits (2)	5,000,000	5,004,184
<b>FINANCIAL LIABILITIES</b>		
PWLB loan – Maturity	110,484,478	181,198,276
PWLB loan – Annuity	347,664	450,712

**Counterparties**

<b>(1)</b>	Cash (interest bearing accounts)	
	Santander	6,783,222
	Bank of Scotland	707,475
	HSBC	3,718,240
	RBS	<u>875</u>
		11,209,812
<b>(2)</b>	Fixed Term Deposits	
	Nationwide Building Society	5,000,000



ATODIAD / APPENDIX 2

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 31 Marwth 2016 \*  
Credit ratings of investment counterparties and deposits held with each as at 31 March 2016\*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / Deposit £'000	Hyd (Galw tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O/I)/ Period (From - To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating ***	Graddfa Tymor Byr Fitch Short Term Rating ***	Graddfa Tymor Hir Moody's Long Term Rating ***	Graddfa Tymor Byr Moody's Short Term Rating ***	Graddfa Tymor Hir Standard & Poor's (S&P) Long Term Rating ***	Graddfa Tymor Byr Standard & Poor's (S&P) Short Term Rating ***	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	707	Galw/ Call	n/a	0.40	A+	F1	A1	P-1	A	A-1	Coch – 6 mis/ Red - 6 months
HSBC Holdings plc	HSBC Bank plc	3,718	Galw/ Call	n/a	0.25	AA-	F1+	Aa2	P-1	AA-	A-1+	Oren – 12 mis / Orange – 12months
Santander Group plc	Santander UK plc	6,783	Galw/ Call	n/a	0.40	A	F1	A1	P-1	A	A-1	Coch - 6 mis / Red – 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc	1	Galw/ Call	n/a	0.25	BBB+	F2	Ba1	NP	BBB-	A-3	
Not Applicable	Nationwide Building Society	5,000	Three month deposit		0.50	A	F1	A1	P-1	A	A-3	Coch – 6 Mis/Red 6 Months

\* Ceir y Rhestr Meini Prawf Gwrthbartion yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2015/16 / The Counterpart Criteria can be found at Appendix 6 of the 2015/16 Treasury Management Strategy Statement.

\*\* Sef tymor ar pwynt y buddsoddi/Being term at the point of investment.

ATODIAD / APPENDIX 3

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 15 Gorffennaf 2016 \*  
Credit ratings of investment counterparties and deposits held with each as at 15 July 2016\*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / Deposit £'000	Hyd (Galw tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O/I)/ Period (From - To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating ***	Graddfa Tymor Byr Fitch Short Term Rating ***	Graddfa Tymor Hir Moody's Long Term Rating ***	Graddfa Tymor Byr Moody's Short Term Rating ***	Graddfa Tymor Hir Standard & Poor's (S&P) Long Term Rating ***	Graddfa Tymor Byr Standard & Poor's (S&P) Short Term Rating ***	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
UK	N/A					AA	N/A	Aa1	N/A	AA	N/A	N/A
Lloyds Banking Group plc	Bank of Scotland plc	7,411	Galw/ Call	n/a	0.40	A+	F1	A1	P-1	A	A-1	Coch – 6 mis/ Red - 6 months
HSBC Holdings plc	HSBC Bank plc	2,423	Galw/ Call	n/a	0.25	AA-	F1+	Aa2	P-1	AA-	A-1+	Oren – 12 mis / Orange – 12months
Santander Group plc	Santander UK plc	7,499	Galw/ Call	n/a	0.40	A	F1	A1	P-1	A	A-1	Coch - 6 mis / Red – 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc	2	Galw/ Call	n/a	0.25	BBB+	F2	Ba1	NP	BBB-	A-3	
Not Applicable	Nationwide Building Society	5,000	Three month deposit		0.50	A	F1	Aa3	P-1	A	A-1	Coch – 6 Mis/Red 6 Months
Total Deposits 15/07/16		22,736										

\* Ceir y Rhestr Meini Prawf Gwrthbartion yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2015/16 / The Counterpart Criteria can be found at Appendix 6 of the 2015/16 Treasury Management Strategy Statement.

\*\* Sef tymor ar pwynt y buddsoddi/Being term at the point of investment.

## The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2016 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

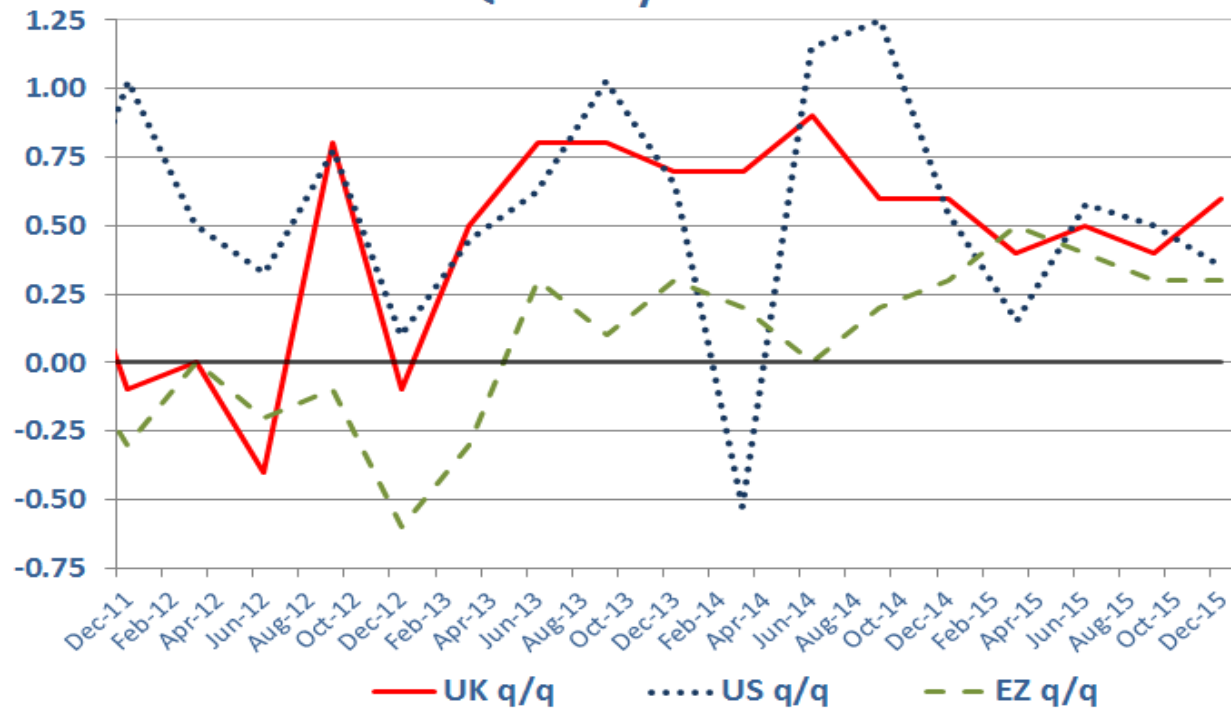
On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

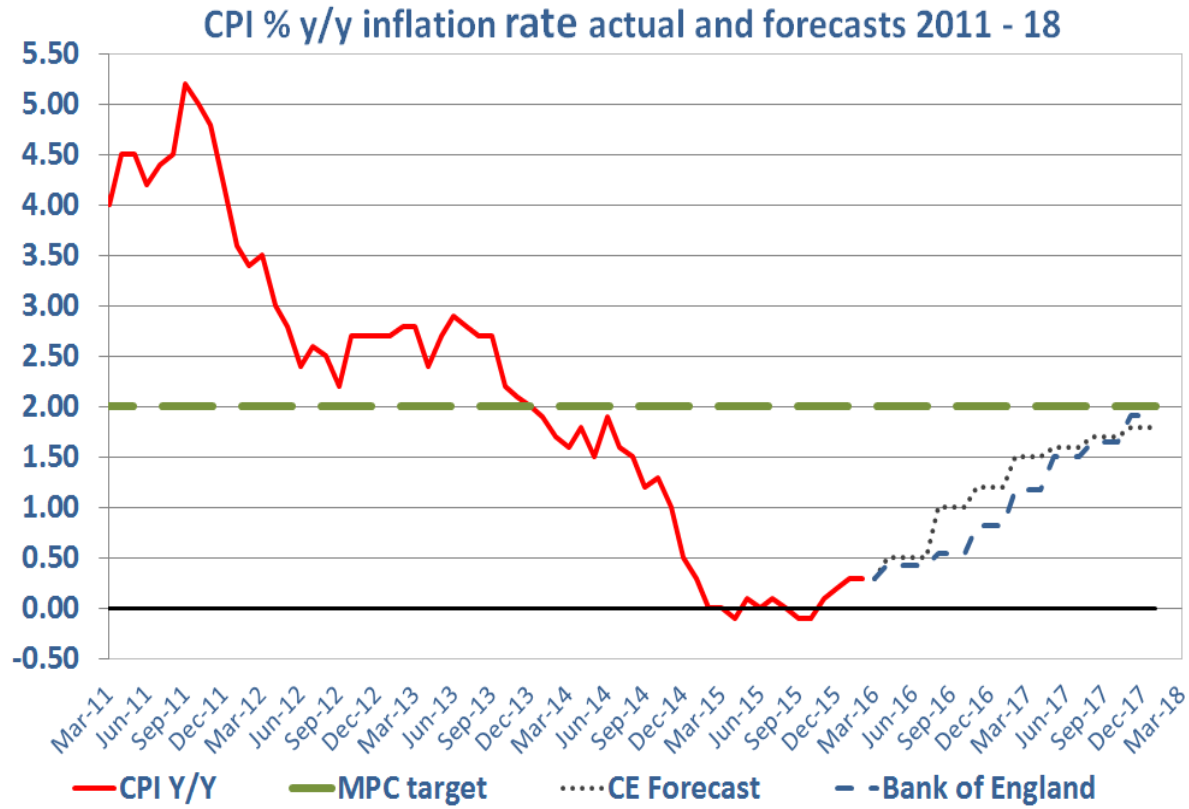
### Gross Domestic Product Analysis (GDP)

#### Quarterly GDP %

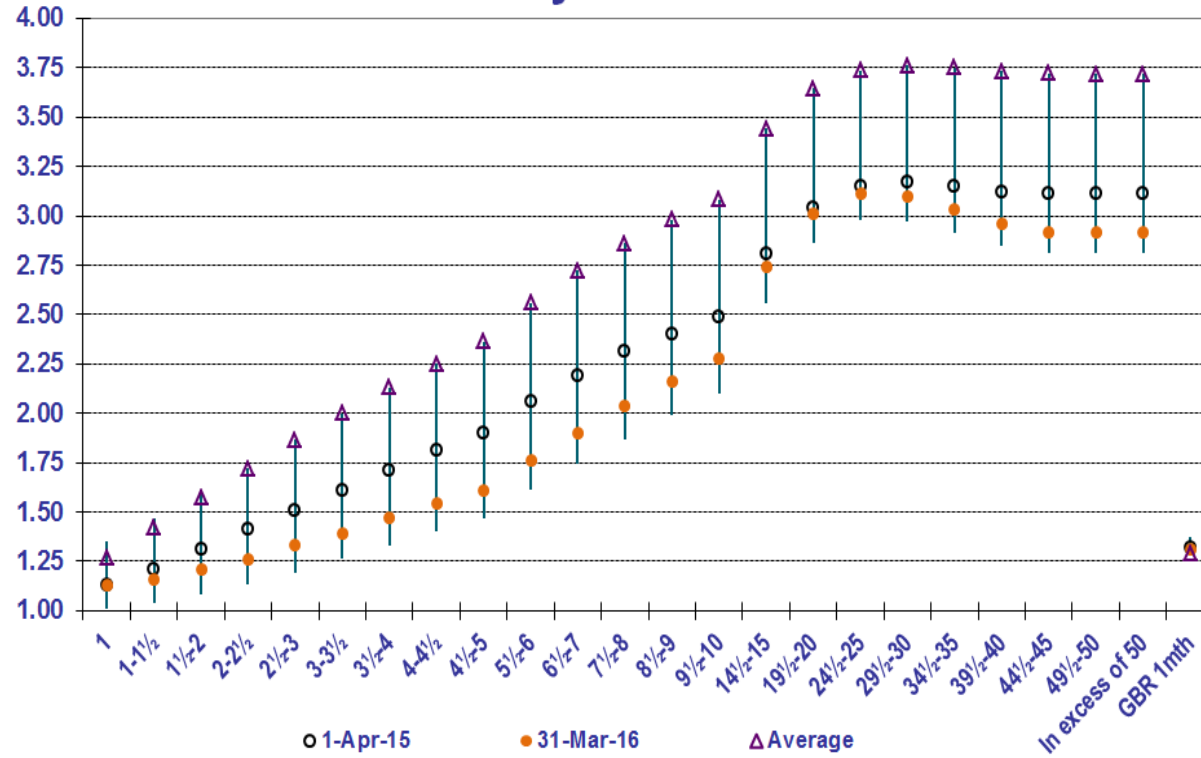
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Inflation Rate Forecasts

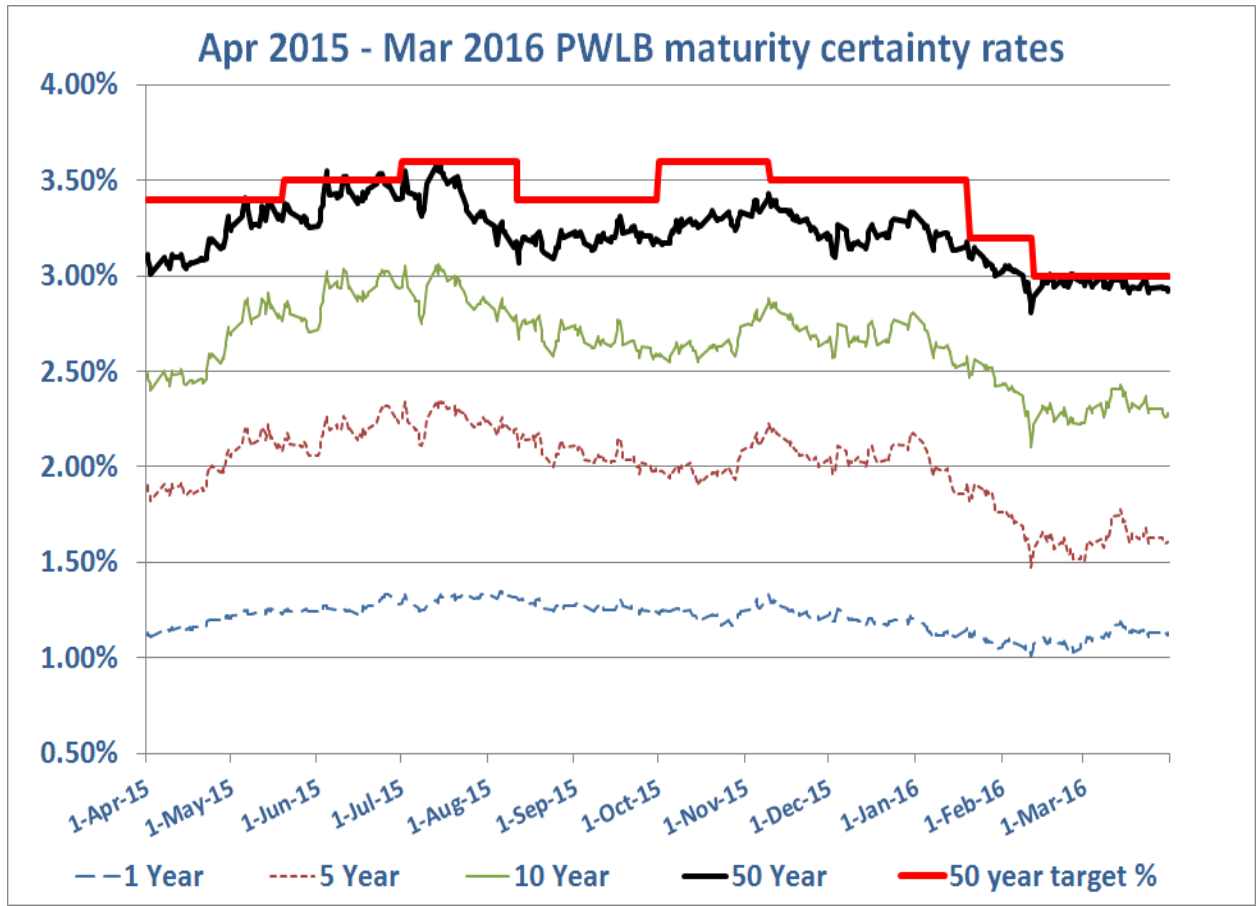


### PWLB certainty rate variations in 2015-16



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/15	1.130%	1.210%	1.510%	1.710%	1.900%	2.490%	3.150%	3.110%	1.320%
31/3/16	1.130%	1.160%	1.330%	1.470%	1.610%	2.280%	3.110%	2.920%	1.310%
High	1.350%	1.470%	1.860%	2.120%	2.350%	3.060%	3.660%	3.580%	1.370%
Low	1.010%	1.040%	1.190%	1.330%	1.470%	2.100%	2.980%	2.810%	1.310%
Average	1.212%	1.302%	1.608%	1.814%	2.004%	2.653%	3.348%	3.216%	1.336%
Spread	0.340%	0.430%	0.670%	0.790%	0.880%	0.960%	0.680%	0.770%	0.060%
High date	05/08/2015	06/08/2015	02/07/2015	15/07/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015	30/10/2015
Low date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	21/03/2016

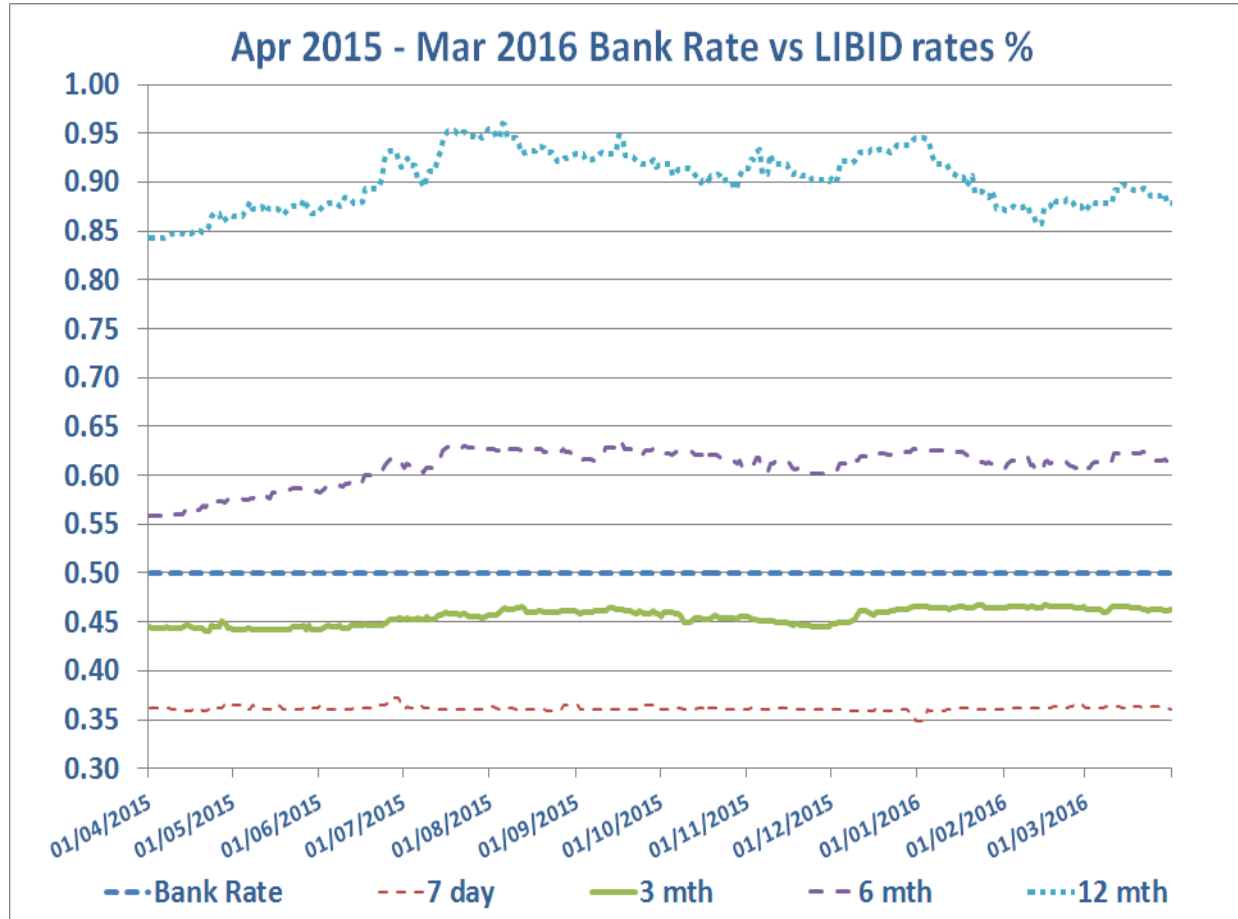
	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/15	1.13%	1.90%	2.49%	3.15%	3.11%
31/3/16	1.13%	1.61%	2.28%	3.11%	2.92%
Low	1.01%	1.47%	2.10%	2.98%	2.81%
Date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.21%	2.00%	2.65%	3.35%	3.22%





Investment Rates 2015-16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.



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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>
<b>DATE:</b>	<b>27 SEPTEMBER 2016</b>
<b>SUBJECT:</b>	<b>FINAL ACCOUNTS 2015/16</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR H E JONES</b>
<b>LEAD OFFICER(S):</b>	<b>R MARC JONES</b>
<b>CONTACT OFFICER(S):</b>	<b>BETHAN H OWEN / CLAIRE KLIMASZEWSKI</b>
<b>Nature and reason for reporting</b>	
Covering report for the presentation of the Final Statement of Accounts, commenting on the main issues arising from the Audit of the Accounts	

## 1. BACKGROUND

1.1 The Isle of Anglesey County Council’s draft Statement of Accounts was presented for Audit on 27 June 2016. The detailed audit work is now substantially complete and the Auditor’s Report has been issued. A number of amendments to the draft have been incorporated into the Accounts.

1.2 Subject to the Isle of Anglesey County Council confirmation, the Accounts will be signed by the Head of Function (Resources) – Section 151 Officer and the Council’s Chairman and will be published following receipt of the Auditor’s Opinion.

## 2. QUALITY OF PROCESS

2.1 The Statutory deadline for the completion of the Audited accounts 2015/16 has yet again been met.

2.2 Improvements have been made which the audit process identified last year and these improvements have continued. All issues that have arisen throughout the audit were dealt with promptly in a satisfactory manner.

## 3. AMENDMENTS TO THE ACCOUNTS

3.1 The details of the main amendments to the draft accounts are set out in the Auditor’s Report Appendix 3. All amendments have been agreed and have been processed and are within the Statement of Accounts.

3.2 The significant amendments required to the draft statement have been largely confined to:-

- Changes to the Balance Sheet in respect of Movements in the valuations of fixed assets;
- Changes to the level of reserves and provisions to reflect revised requirements following audit, particularly in respect of Equal Pay and Job Evaluation, where a transfer from Provisions to reserves has been made to reflect the current position of these projects.

#### **4. THE AUDITOR'S RECOMMENDATIONS**

- 4.1** The Auditors, following their thorough work on our Statement of Accounts, have made 11 recommendations for improvements for the next financial year. Those recommendations have been accepted by the Finance Management Team, who will ensure that all recommendations are completed.

#### **5. RECOMMENDATIONS**

- 5.1** To accept the Statements of Accounts 2015/16
- 5.2** To note the acceptance of the Annual Governance Statement by the Audit Committee and referral to the Leader of the Council and the Chief Executive for signature.

**R MARC JONES  
HEAD OF FUNCTION (RESOURCES) & S 151 OFFICER**

**20 SEPTEMBER 2016**



# Ynys Môn

## THE ISLE OF Anglesey

### Statement of Accounts 2015/16



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

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## **Narrative Report**

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances. This narrative report, which is a key section of the accounts aims to provide an effective guide to the most significant matters reported in the accounts. This is in order to provide a fair, balanced and easy to understand explanation of the Council's financial position and to assist in the interpretation of the financial statements. It also contains additional information about the Council in general and the main influences on the financial statements to provide a link between the Council's activities and challenges and how these impact on its financial resources.

The narrative report is structured as follows:-

1. The Statutory Framework
2. About the Isle of Anglesey
3. Overview and performance analysis
4. Main issues from the 2015/16 Accounts
5. Explanation of the Financial Statements

### **1. The Statutory Framework**

The Council has a statutory duty to approve and publish a Statement of Accounts. The following pages relate to the Statement of Accounts for the Isle of Anglesey County Council for the year ended 31 March 2016.

The Accounts and Audit (Wales) Regulations 2014 came into force on 31 March 2015 and therefore replaced Regulation 7 of the Accounts and Audit (Wales) Regulations 2005 (SI 2005/368 (W.34), as amended) for the accounts year 2015/16 and future periods. These regulations require Welsh Local Authorities to prepare a Statement of Accounts in accordance with these regulations and proper practices.

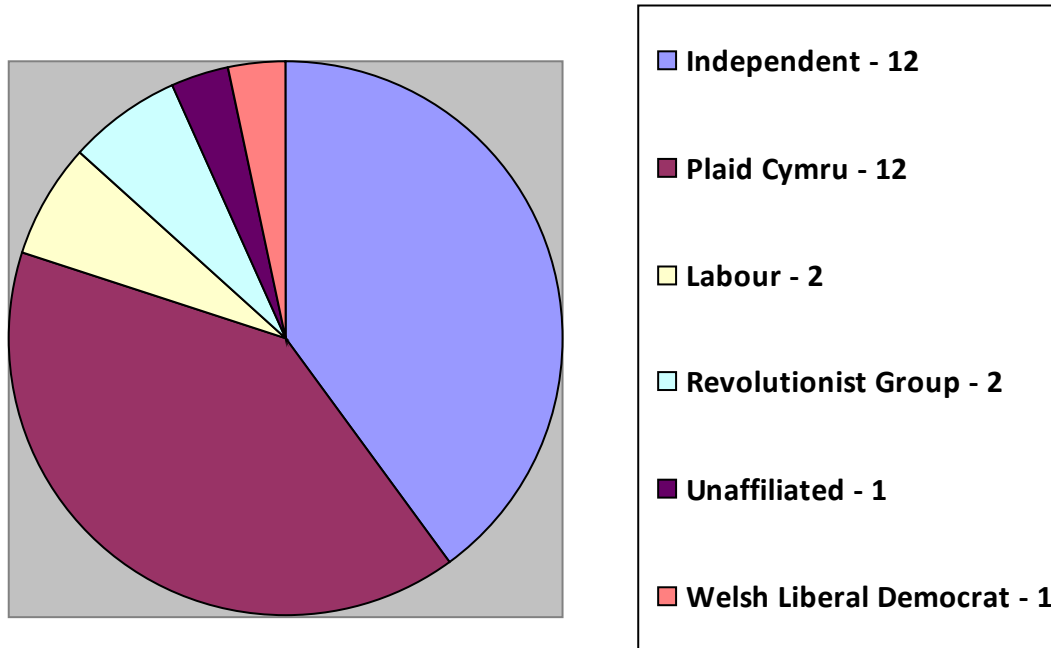
Regulation 25 of the Local Authorities (Capital Finance and Accounting) (Wales) Regulation 2003 (SI 2003/3239 (W.319), as amended) identifies proper practices for the preparation of the Statement of Accounts. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16 issued by CIPFA, supported by International Financial Reporting Standards (IFRS). In addition this narrative incorporates guidance from HM Treasury's Financial Reporting Manual (FRoM) 2015-16, sections 5.2.1 to 5.2.10 as encouraged by the CIPFA code.

### **2. About Isle of Anglesey County Council**

Isle of Anglesey County Council is a unitary Authority with a population of 70,169. The Council is responsible for ensuring a wide range of services is provided to the residents, businesses and visitors to the Island. These include education, safeguarding vulnerable children and adults, social care, public health, highways, leisure, culture, waste collection, planning, administration of housing, benefits, regeneration and community engagement. In addition to providing services the Council is also responsible for the collection of local taxation in the form of Council Tax and Non Domestic Rates on behalf of itself.

The Council is a politically-led organisation and has adopted a Leader and Cabinet model. It has 30 elected members representing 11 multi-member wards across the County. Throughout 2015/16 the Council operated under an Independent/Labour/Liberal Democratic coalition administration. The political make-up of the Council as at 31 March 2016 is shown below:-

### Isle of Anglesey Council's Political Groupings



### **3. Overview**

#### **3.1 Statement from the Leader of the Council**

As Leader of the Council it is my responsibility to ensure that the important milestone of producing the Annual Statement of Accounts is achieved on time each year. The accounts provide a large amount of financial information on how the Council was funded and how it spent that money during 2015/16. It is important in terms of accountability for the Council to provide this information to residents, local Council Tax payers, businesses who pay the national non-domestic rates and other stakeholders including the Welsh Government.

The Council's funding is a mixture of funding from the Welsh Government via the Revenue Support Grant and the Council's share of the Non Domestic Rates pool, local taxation through Council Tax and the fees and charges paid by the Council's customers. In 2015/16 the Council's net budget was £124.6m of which £30.96m came from Council Tax. The increase in Council Tax was 4.5%.

The results for the year highlight the Council's continued prudent financial management and despite the Council's net budget falling by 1.6% compared to 2014/15, increasing demand for services, notably Children's Services, and one-off expenditure as a result of severe winter weather, the Council's overall general balances and reserves (excluding HRA) increased by £1.929m which represented an increase of 7.6%.

The future for public sector funding is uncertain but further reductions in funding from central government over the next three years are likely and the Council's Medium Term Financial Strategy has identified the continued need to reduce annual revenue expenditure over this period. Having a healthy level of reserves and balances will help in the short term, but it is not a sustainable source of funding. Therefore the Council is currently reviewing all the services it delivers and looking at alternative methods of delivery which will allow the services to continue but at a lower cost. This will include working more in partnership with Town and Community Councils, Community and Voluntary Organisations and Third Sector Organisations.

The financial situation will not, however, prevent the Council from focusing on its key priorities and we will continue to invest in areas such as new schools, housing and older people services. We will also invest in Information Technology in order to modernise our business processes and improve our services to our customers. Through this continued investment, revenue savings will also result which will help the Council to deliver a balanced budget in future years.

The financial standing of an organisation is seen as a key indicator of the overall standard of corporate governance. I am confident that through sound financial management the Council will continue to be financially strong and sustainable in future years.

**Ieuan Williams**  
**Leader of the Council**

**June 2016**

## **3.2 Key purpose and activities of the Council**

Under the Council's Corporate Plan for 2013 – 2017 the aim for Anglesey Council is that by 2017 we will be a professional and well-run Council, innovative and outward looking in our approach, committed to developing our people and partnerships in order to deliver efficient and effective services of good quality, that are highly valued by our citizens.

In order to achieve this, we will need to transform our services and the way the Council works. Transforming our Council will mean that we must listen to what our citizens, service users and businesses say, and allow their views to influence what we do.

Some of the most far-reaching engagement and consultation we have ever undertaken has helped to create this plan. Engagement and consultation exercises since 2012 have asked citizens their views about which Anglesey County Council services were most important to them, and which they felt weren't as important. Across age groups, geographies and different consultation mechanisms the overwhelming and consistent priorities are:-

- Supporting the most vulnerable
- Developing the economy
- Raising the standards of and modernising our schools

These priorities are the basis of our corporate plan. Anglesey, like all other local authorities, is facing significant pressures on budgets and has to focus on greater efficiencies. This will inevitably mean a change to the services we provide and the way in which they are delivered.

The Council will therefore work with citizens to change the way we all think about the respective responsibilities of the Council, communities and individuals. Whilst the Council will of course continue to be responsible for the bilingual provision of statutory services, the services will increasingly be provided in different ways and possibly by other providers. We will manage reducing budgets and increasing demand due to demographic and social changes to enable us to safeguard these priorities.

### **3.2.1 Financial scenario**

In common with all Local Authorities in Wales, Isle of Anglesey County Council needs to manage a situation whereby the costs and demands of services are growing but the amount of funding available is reducing. Over the last three years Welsh Government funding to the Council has fallen by £5.3 million in cash terms (5.5%) and it is anticipated that reductions of at least the same scale may be implemented in the next three years. Against this backdrop the Council needs to manage growing demands for services, inflationary pressures, a need to invest in the local economy to promote growth and a desire to continually improve services.

The Council has responded to the reduction in funding by making substantial savings in the last three years and continues to ensure wherever possible these are found through improving efficiency rather than impacting on services.

The key focuses for the medium term financial plan are:-

- Redesigning services to intervene earlier, reducing costly reactive services;
- Reviewing all services to ensure that they are delivered in the most effective manner;
- To make the best of property and land to drive efficiency and growth;
- To refocus services to support local growth;
- To have mature conversations with communities to prioritise what matters to them and encourage involvement in solving local problems;
- To root out duplication between services and pursue economies of scale.

### **3.3 Key achievements, issues and risks affecting the Council**

The Council has set seven key priorities for the forthcoming years:-

- Transforming Older Adult Social Care;
- Regenerating Our Communities and Developing the Economy;
- Improving Education, Skills and Modernising our Schools;
- Increasing Our Housing Options and Reducing Poverty;
- Transforming our Leisure and Library Provision;
- Becoming Customer, Citizen and Community Focused;
- Transforming our Information and Communication Technologies (ICT).

During 2015/16 work continued on these seven priorities with the following key achievements achieved during the financial year:-

1. Work has commenced on the building of two new primary schools (Ysgol Cybi and Ysgol Rhyd y Llan) under the Welsh Government's 21st century schools programme. This will see six small primary schools closing with the pupils transferring to two new schools during 2017.
2. The Council completed a £21m buyout from the Housing Revenue Account system. A 30-year business plan has been approved by the Welsh Government and work has commenced to add to the Council's existing housing stock by purchasing houses sold under the Right to Buy scheme. Plans are being developed to construct new properties.
3. The Council is in the final stages of completing an agreement with a Registered Social Landlord to build an Extra Care Facility in Llangefni. It is planned that the work to construct the new facility will commence in 2016 and it will open in late 2017. This will allow the Council to begin the process of transforming the delivery of Adult Social Care.
4. The Council continued to utilise grants under the Vibrant and Viable Places scheme to improve facilities in the Holyhead area. A further £2.4m was spent during 2015/16. The scheme enters its final year in 2016/17.
5. Work commenced to modernise and rationalise the administration of Council Services (Smarter-Working) with improvements being made to the main Council Headquarters and to the Council's IT systems. The changes will allow staff to work more flexibly without the need to be based in an office. This programme will result in the closure of two offices with the majority of the Council's administrative staff being based in one location. This will not only provide a better service to the customer but will also allow the Council to reduce costs by an estimated £300,000 per annum.

6. Despite the continued reduction in central government funding, the Council delivered £4.3m of revenue savings in 2015/16 and identified a further £3.4m in setting the 2016/17 budget. Although this has required an above inflation increase in Council Tax, Anglesey's Band D equivalent continues to be one of the lowest in Wales.
7. The Council has strengthened its Procurement function and this has delivered around £500k in revenue savings through the re-tendering of Council contracts or by the use of national procurement frameworks.
8. The Council maintained a healthy level of reserves and general balances and despite the fact that £600k was required to deal with issues arising from severe winter weather, the Council has been able to release £1m from general balances to fund specific projects aimed at improving business processes and services to customers. These projects will also deliver further revenue savings which will help the Council deal with the difficult financial circumstances it will face over the next three years.

### 3.4 Summary of Performance

#### 3.4.1 Revenue Expenditure

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. In 2015/16 the Council reported an under-spend of £1.8m against a planned activity of £124.6m (net budget) and achieved £4.3m of savings. The table below reflects the final budget for 2015/16 and actual income and expenditure against it.

<b>Committee</b>	<b>Annual Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
<b>Lifelong Learning</b>	53,568	51,101	(2,467)
<b>Communities</b>	29,611	29,894	283
<b>Sustainable Development</b>	24,399	19,388	(5,011)
<b>Deputy Chief Executive</b>	17,066	22,412	5,346
<b>Total Council Fund</b>	<b>124,644</b>	<b>122,795</b>	<b>(1,849)</b>

The impact of an underspend means that the Council added £1.849m to the General reserves. However, this was partly offset by use of reserves to fund severance payments and the transfer to Children's Services of £476k to help fund statutory placements for looked-after children, as approved by the Executive. The net increase in general reserves was £1.693m for the year.

The presentation above reflects how costs are categorised, monitored and managed within the Council. The following Accounts report the same expenditure and income but in a different format to comply with the statutory external reporting requirements. This incorporates additional costs such as depreciation or changes in the value of property which, under regulation, is not chargeable to useable reserves in the year.

### **3.4.2 Capital Expenditure**

The capital programme supports the Council's wider objective to deliver services and to support economic growth. In 2015/16 the Council approved a Capital Programme for non-housing services of £15.150m and approved a Capital Programme for the HRA of £8.589m. Capital commitments were brought forward from 2014/15 of £4.029m and there was a brought forward budget for the smallholdings programme. In its meeting on 20 April 2015, the Executive resolved to release additional funding in order to complete the Beaumaris Pier Scheme, and the completion of the HRA settlement buyout of £21.169m was added to the programme and subsequent to the budget setting the Council had secured additional grant funding for certain projects in 2015/16. This brings the capital budget for 2015/16 to £58.264m.

The programme has made excellent progress in year, achieving a delivery rate of 75%. It is expected that the remaining schemes will be delivered over the coming few years.

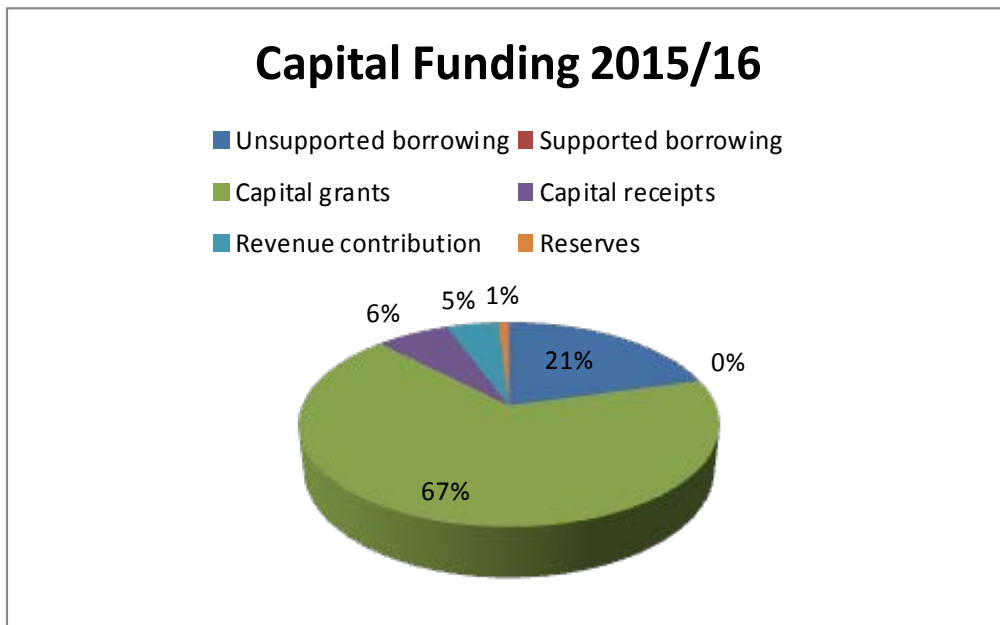
From this total spend of £43.975m, £9.491m was capitalised and added to the value of assets in the Council's Balance Sheet. The remainder was charged to the Income and Expenditure Statement as it was either in support of assets that are not in direct Council ownership (£24.541m) or did not add value to the capital assets (£9.943m).

The table below analyses the expenditure that has been capitalised:-

<b>Scheme</b>	<b>Amount (£'000)</b>
21st Century School – Holyhead	1,969
21st Century School – Llannau	430
Anglesey Coastal	319
Market Street Improvement VVP Grant	15
Visitor Signage and Park	8
HGV Parking and Signage	6
LED Lighting	86
Purchase Vehicles	671
County Prudential Borrowing Initiative	1,971
Beaumaris Flood Alleviation	1,118
Safer Routes In Communities	181
Road Safety Grant	200
Active Travel	5
Llangefni Link Road	888
Llanbedrgoch Cemetery	20
Llanddona Cemetery	102
Beaumaris Pier	270
Smarter Working (Part of the scheme)	115
ICT Backup System	50
ICT Microsoft Exchange	61
ICT 3 Comm Refresh	50
ICT Additional Backup	20
ICT Replacement Servers	166
ICT CMS Upgrade	14
ICT Servers	40
Brwynog Refurbishment	16
Acquisition of Existing Buildings	588
Victoria Gateway VVP Grant	71
Acquisition of the Mayor's Chain	39
<b>Total</b>	<b>9,491</b>

<b>Funded by:</b>	<b>£m</b>
Unsupported borrowing	1.971
Supported borrowing	0.000
Capital grants	6.336
Capital receipts	0.635
Revenue contribution	0.456
Reserves	0.093
<b>Total</b>	<b>9.491</b>





#### **A note of the Authority's current borrowing facilities and capital borrowing**

As at 31 March 2016 the Authority had £110.744m of External Borrowing with the Public Works Loan Board (PWLB). At this time, the Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £127.657m. In the Treasury Management Statement for 2015/16 the Authorised Borrowing Limit for 2015/16 was £165m, therefore the Authority is well within its borrowing limit.

#### **A summary of the Authority's internal and external sources of funds available to meet its capital expenditure plans and other financial commitments.**

As at 31 March 2016 the Authority's internal sources of funds were cash deposits at bank of £16.210m, and a Capital Expenditure Reserve of £0.900m. The External Borrowing figure was £110.744m, and further External Borrowing will be required to meet its future capital expenditure plans.

#### **3.4.3 Balance Sheet**

The Council's Balance Sheet demonstrates a good financial position at the end of 2015-16 with a net value of £174.6m, a £24.7m increase from last year, mainly due to changes to the financial assumptions used by the pension actuary when calculating the pension net liability.

The details of the Council's long-term and short-term assets and liabilities are shown in the Balance Sheet as at 31 March 2016 on page 17.

#### **Reserves**

The £24.7m increase in the Council's net worth set out above results in a £19.7m increase in unusable reserves and an £5.0m increase in usable balances (including the HRA).

#### 4. Main Issues impacting on the 2015-16 Accounts

The Council set a net budget of £124.6m for 2015/16 to be funded from a combination of Council Tax Income, NNDR and general grants. The budget included a requirement to achieve a savings figure of £4.3m, which was incorporated into the individual service budgets. The outturn position was an underspend of £1.849m. The underspend is made up of departmental under or overspends, unused contingencies and any other one-off items identified during the financial year. Below is a table identifying the variances:-

<b>Net Underspend</b>		<b>-1,849</b>
<b>Total Additional Funding From reserves</b>		
Children's Services	476	
Highways	375	
Leisure	250	
<b>Total One-off Adjustments:</b>		<b>1,101</b>
Salt Stock	220	
Adjustment of previous year's accruals	260	
<b>Total Corporate Budget &amp; Contingencies</b>		<b>480</b>
Insurance Provision	600	
Capital Financing	400	
<b>Total Corporate Budget &amp; Contingencies</b>		<b>1,000</b>
<b>Net Overspend on Service Budgets</b>		<b>732</b>

#### Pensions

**Teachers' Pension Scheme** - Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the 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.

**Local Government Pension Scheme** - As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits by participating in the Gwynedd Pension Fund administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Benefits will not actually be payable until employees retire but the Council has a commitment to make the payments to the Pension Fund that need to be disclosed at the time that the employees earn their future entitlement.

The current economic climate continues to have an impact on the net Pensions Liability. One of the significant changes on the Balance Sheet relates to the Council's pensions' reserve, where the Council's liability has reduced from £125.478m to £95.022m, an improvement of £30.455m. It is important to note that the apparent improvement in the pension position is based on actuarial valuations. The Council's actual payments to the Pension Fund are reviewed every three years as part of the triennial valuation of the Pension Fund. An investment strategy is then determined which aims to recover any deficits over the period as determined by the Pension Fund's Actuary (Hymans Robertson).

The Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement shows the pensions benefits earned in the year, adjusted as necessary to reflect that part of the pensions costs that is not met from Council Taxpayers.

### **HRA Buy-out**

On 2 April 2015 the Housing Revenue Account (HRA) buy-out was completed and £21.169m was borrowed from the PWLB for this. The Council proceeded with the buy-out as the Council generates more income from the freedom this allows and will no longer be required to pay the annual HRA subsidy to Welsh Government. The Council has adopted a one-pool approach for loans which means that the costs of borrowing are averaged between the general fund and HRA in proportion to their respective debts.

### **Provisions**

Total provisions held by the Council amounted to £8.729m at 1 April 2015. During the year the balance decreased by £3.658m to £5.071m. The decrease is due to the fall in the job evaluation provision which has been used to fund costs incurred during the final implementation of the scheme. These costs included back-pay to staff and salary protection for staff whose pay reduced under job evaluation. A balance of £0.126m remains on the job evaluation provision to fund the final costs which will be incurred in 2016/17. The provision for Equal Pay was also reduced by £865k and moved to an earmarked reserve to fund future equal pay costs which currently difficult to quantify.

Details of the movements in provisions are shown in note 27 to the Accounts.

## **5. Explanation of the Financial Statements**

The Statement of Accounts sets out details of the Council's income and expenditure for the financial year 2015/16 and its Balance Sheet as at 31 March 2016. These statements include the General Fund and the Housing Revenue Account (HRA). They set out the respective responsibilities of the Council and the Council's Head of Function (Resources) who is the designated Section 151 Officer.

### **Core Financial Statements:-**

The Statement of Accounts includes the core financial statements which are:-

- 1. The Movement in Reserves Statement (MIRS)** – shows the movement in the year of reserves held by the Council analysed between 'usable and unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves
- 2. The Comprehensive Income and Expenditure Statement (CIES)** – 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.
- 3. The Balance Sheet** – shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.
- 4. The Cash Flow Statement** – shows the changes in cash and cash equivalents of the Council during the reporting period.
- 5. The Notes** – The notes to the core Financial Statements provide more details about the Council's accounting policies and items contained in the statements.

## Supplementary Financial Statements

1. **The statement of Responsibilities for the Statement of Accounts** – explains the Council's responsibilities of the S151 Officer.
2. **The Housing Revenue Account (HRA)** is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. The Housing Revenue account is ring-fenced from the Council's General Fund.
3. **Auditor's Opinion** - As the Council's appointed External Auditor by the Auditor General for Wales. Deloitte LLP will carry out the statutory audit on behalf of the Auditor General following the Section 151 officer signing and dating the draft statement of accounts. They then issue an opinion as to whether the Accounts need to be qualified or are unqualified. The deadline for this opinion is 30 September following the year-end.
4. **Changes in Accounting Policy**

There are no material changes to accounting treatment required for 2015/16.

## THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Isle of Anglesey County Council's responsibilities

The Isle of Anglesey County Council 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 this Council, that officer is the Head of Function (Resources) who is also the designated Section 151 Officer;
- \* Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- \* Approve the Statement of Accounts.

### The Section 151 Officer's responsibilities

The Section 151 Officer 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 this Statement of Accounts, the Section 151 Officer has:-

- \* Selected suitable accounting policies and then applied them consistently;
- \* Made judgements and estimates that were reasonable and prudent;
- \* Complied with CIPFA Local Authority Code of Practice.

The Section 151 Officer has also:-

- \* kept proper accounting records, which were up to date;
- \* taken reasonable steps for the prevention and detection of fraud and other irregularities.

### Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Isle of Anglesey County Council at the accounting date and its income and expenditure for the year ended 31 March 2016.

Signed: .....

**Richard Marc Jones**

**HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER**

**Dated: 27 September 2016**

### Approval of Accounts

In accordance with the Accounts and Audit (Wales) Regulations 2014, I certify that the Statement of Accounts was approved by Full Council on 27 September 2016

Signed .....

**Councillor Robert G Parry OBE**

**CHAIRMAN ISLE OF ANGLESEY COUNTY COUNCIL**

**Dated: 27 September 2016**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ISLE OF ANGLESEY COUNTY COUNCIL**

## **Auditor General for Wales' report to the Members of Isle of Anglesey County Council**

I have audited the accounting statements and related notes of Isle of Anglesey County Council for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Isle of Anglesey County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Isle of Anglesey County Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of Isle of Anglesey County Council**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Isle of Anglesey County Council as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

### **Opinion on other matters**

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Annual Governance Statement does not reflect compliance with guidance.

**Certificate of completion of audit**

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

For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales  
30 September 2016

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

## MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2016

This Statement shows the movement in the year 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 reserves. The Surplus/(Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting purposes and the Housing Revenue Account for rent setting purposes. The 'Net Increase / (Decrease) before transfers to earmarked reserves' line shows the in-year movement on the Council Fund and Housing Revenue Account balances before any discretionary transfers to or from earmarked reserves are made by the Council.

	Council Fund Balance	Earmarked Council Fund Reserves (Note 8)	HRA Balance (Supplementary Financial Statements)	Capital Receipts Reserve (Note 10)	Schools Balances (Note 9)	Capital Grants Unapplied (Note 14)	HRA Earmarked Reserve (Note 8)	Total Usable Reserves	Total Unusable reserves (Note 11)	Total Reserves of The Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance 1 April 2014</b>	<b>5,677</b>	<b>17,347</b>	<b>1,671</b>	<b>-</b>	<b>1,518</b>	<b>-</b>	<b>1,059</b>	<b>27,272</b>	<b>124,800</b>	<b>152,072</b>
<b>Movement in reserves during the year</b>										
Surplus/(Deficit) on provision of services	(9,148)	-	(692)	-	-	-	-	(9,840)	-	(9,840)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	7,078	7,078
<b>Total Comprehensive Income and Expenditure</b>	<b>(9,148)</b>	<b>-</b>	<b>(692)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,840)</b>	<b>7,078</b>	<b>(2,762)</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	9,973	-	1,842	-	-	-	-	11,815	(11,815)	-
<b>Net Increase/ (Decrease) before Transfers to Earmarked Reserves</b>	<b>825</b>	<b>-</b>	<b>1,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,975</b>	<b>(4,737)</b>	<b>(2,762)</b>
Transfers to/(from) Earmarked Reserves (note 8)	691	(1,568)	-	-	920	-	(43)	-	-	-
<b>Increase/(Decrease) In Year</b>	<b>1,516</b>	<b>(1,568)</b>	<b>1,150</b>	<b>-</b>	<b>920</b>	<b>-</b>	<b>(43)</b>	<b>1,975</b>	<b>(4,737)</b>	<b>(2,762)</b>
<b>Balance 31 March 2015</b>	<b>7,193</b>	<b>15,779</b>	<b>2,821</b>	<b>-</b>	<b>2,438</b>	<b>-</b>	<b>1,016</b>	<b>29,247</b>	<b>120,063</b>	<b>149,310</b>
<b>Movement in reserves during the year</b>										
Surplus/(Deficit) on provision of services	(3,491)	-	(20,521)	-	-	-	-	(24,012)	-	(24,012)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	48,762	48,762
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,491)</b>	<b>-</b>	<b>(20,521)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,012)</b>	<b>48,762</b>	<b>24,750</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	5,420	-	23,726	-	-	-	-	29,146	(29,146)	-
<b>Net Increase/ (Decrease) before Transfers to Earmarked Reserves</b>	<b>1,929</b>	<b>-</b>	<b>3,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,134</b>	<b>19,616</b>	<b>24,750</b>
Transfers to/(from) Earmarked Reserves (note 8)	(236)	212	1,016	-	24	-	(1,016)	-	-	-
<b>Increase/(Decrease) In Year</b>	<b>1,693</b>	<b>212</b>	<b>4,221</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>(1,016)</b>	<b>5,134</b>	<b>19,616</b>	<b>24,750</b>
<b>Balance 31 March 2016</b>	<b>8,886</b>	<b>15,991</b>	<b>7,042</b>	<b>-</b>	<b>2,462</b>	<b>-</b>	<b>-</b>	<b>34,381</b>	<b>139,679</b>	<b>174,060</b>



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2016

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. The Council raises taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2015/16				2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
723	(429)	294	Central Services	463	(430)	33
6,927	(3,177)	3,750	Cultural and related services	7,777	(3,382)	4,395
68,319	(14,572)	53,747	Children and educational services	72,978	(13,586)	59,392
15,980	(3,932)	12,048	Highways and transport services	14,235	(3,395)	10,840
36,552	(14,894)	21,658	Council housing (HRA)	16,955	(14,435)	2,520
24,220	(22,729)	1,491	Other housing services	25,413	(22,973)	2,440
29,952	(7,313)	22,639	Adult social care	31,014	(8,820)	22,195
8,184	(3,725)	4,459	Planning and development	9,133	(3,911)	5,222
10,950	(2,791)	8,159	Environmental services	11,607	(2,377)	9,230
16,412	(949)	15,463	Corporate and democratic core	11,637	(1,009)	10,628
96	-	96	Non-distributed costs	224	-	224
<b>218,315</b>	<b>(74,511)</b>	<b>143,804</b>	<b>Deficit on Continuing Operations</b>	<b>201,436</b>	<b>(74,318)</b>	<b>127,119</b>
		9,224	Other operating expenditure	12		9,616
		9,664	Financing and investment income and expenditure	13		10,201
		(138,680)	Taxation and non-specific grant Income	14		(137,096)
		<b>24,012</b>	<b>Deficit on Provision of Services</b>			<b>9,840</b>
		(12,825)	Surplus on revaluation of non-current assets	11c, 15 & 17		(38,252)
		(35,938)	Re-measurement of net Pension liability	11ch & 41		31,174
		<b>(48,763)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(7,078)</b>
		<b>(24,751)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>2,762</b>

## BALANCE SHEET AS AT 31 MARCH 2016

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. 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 can 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, where amounts would only become available to provide services if the assets are sold (for example the Revaluation Reserve); and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	31-Mar-2016 £'000	31-Mar-2015 £'000
Property, plant and equipment	15	350,283	344,077
Heritage assets	17	3,194	3,212
Investment property	18	5,983	7,145
Intangible assets	19	417	332
Long-term investments	44	1	-
Long-term debtors	24	688	430
<b>Long-term Assets</b>		<b>360,566</b>	<b>355,196</b>
Short-term investments	44	-	-
Assets held for sale	21	6,388	2,137
Inventories	23	452	566
Short-term debtors	24	23,358	21,154
Cash and cash equivalents	25	17,624	12,405
<b>Current Assets</b>		<b>47,822</b>	<b>36,262</b>
Short-term borrowing	44	(9)	(1,688)
Short-term creditors	26	(22,130)	(16,244)
Short-term provisions	27	(2,559)	(6,160)
Capital grants receipts in advance	37	(1,302)	(380)
<b>Current Liabilities</b>		<b>(26,000)</b>	<b>(24,472)</b>
Long-term creditors	26	(59)	(55)
Long-term provisions	27	(2,512)	(2,569)
Long-term borrowing	44	(110,735)	(89,575)
Other long-term liabilities	41	(95,022)	(125,477)
<b>Long-term Liabilities</b>		<b>(208,328)</b>	<b>(217,676)</b>
<b>Net Assets</b>		<b>174,060</b>	<b>149,310</b>
Usable reserves	MIRS	34,381	29,247
Unusable reserves	11	139,679	120,063
<b>Total Reserves</b>		<b>174,060</b>	<b>149,310</b>

## CASH FLOW STATEMENT – FOR YEAR ENDED 31 MARCH 2016

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. 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 that 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.

	Note	2015/16 £'000	2014/15 £'000
<b>Net Deficit on the provision of services</b>		(24,012)	(9,840)
Adjustments to net surplus or deficit on the provision of services for non- cash movements	28	50,453	31,981
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	(13,919)	(11,038)
<b>Net cash flows from operating activities</b>		<b>12,522</b>	<b>11,103</b>
<b>Net cash flows from investing activities</b>	29	<b>(5,514)</b>	<b>(5,424)</b>
<b>Net cash flows from financing activities</b>	30	<b>(1,789)</b>	<b>267</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,219</b>	<b>5,946</b>
Cash and cash equivalents at the beginning of the financial year	25	12,405	6,459
<b>Cash and cash equivalents at the end of the financial year</b>	25	<b>17,624</b>	<b>12,405</b>

## **NOTES TO THE ACCOUNTS**

### **NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

This section discloses the specific accounting policies adopted by the Council for completion of the accounts.

<b>Policy Reference</b>	<b>Policy Title</b>
1	General Principles
2	Accruals of Income and Expenditure
3	Events After the Balance Sheet Date
4	Jointly Controlled Operations and Jointly Controlled Assets
5	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
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## **1. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its financial position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the CIPFA Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS). All principal accounting policies have been applied consistently throughout the year.

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

Transactions are accounted for in the year that they take place, not simply when cash payments are made or received. This accruals accounting approach provides a more complete basis for reporting the Council's financial performance as it includes the Council's future commitments to pay/receive cash for goods and services received but not paid by 31 March 2016. Income and expenditure is accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e. on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid. Income from the sale of goods is included in the accounts when the sale is completed not when the cash is received. Income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and as a result of this the Council is due income in return for the services provided. In addition:

- 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 bank deposits and payable on borrowings (including bank overdrafts) is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than necessarily 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 may not be collected.

## **3. Events after the Balance Sheet Date**

Events can occur after the year-end which might have a significant effect on the financial results for that year. Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is authorised for issue when the final audited accounts are signed by the S151 Officer before the accounts are approved by members. The law requires that the audited, authorised final accounts are completed by 30 September following the year-end. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the financial year – the Statement of Accounts is adjusted to reflect such events;

- those that are indicative of conditions that arose after the financial year – 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.

#### **4. Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet its share of the assets and the liabilities that it incurs. The Comprehensive Income and Expenditure Statement is debited with the expenditure it incurs and credited with the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

#### **5. Prior Period Adjustments, Changes in Accounting Policies and 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 the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) 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.

#### **6. Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 7. Fair Value Measurement

IFRS13 Fair Value Measurement, which is effective from 1 April 2015, requires most non-current assets, liabilities and financial instruments to be valued at fair value often with regard to an active market value where available. For operational assets the standard introduces the concept of fair value being based on current value (often value in use) for revaluations of Property, Plant and Equipment. This means measurement should reflect the market conditions for the service or function at the reporting date. The standard provides different fair valuation approaches to differing asset types. For non-operational assets, i.e. investment assets, assets held for sale and surplus assets, these are valued at their highest and best use. Where there is an alternative use which would be of a higher fair value, that is, the fair value which would be used for the valuation of non-operational assets. Any new measurement basis arising from IFRS13 is effective prospectively, that is, applies to transactions from 1 April 2015 onwards. The amounts relating to the prior period 2014/15 do not need to be recalculated and restated. The code does not require infrastructure assets to be revalued at current value. Infrastructure assets are instead valued at depreciated historical cost. This is due to significant changes to the valuation of infrastructure assets (roads, etc.) from 2016/17 onwards.

The Authority 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 Authority 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 Authority 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 and liabilities for which fair value is measured or disclosed in the Authority'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 Authority can access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs for the asset or liability.

The Authority is required to use valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs (levels 1 and 2) and minimising the use of unobservable inputs (level 3). Three widely accepted valuation techniques are:-

- The market approach;
- The cost approach;
- The income approach.

## **8. Non- Current Assets (Plant, Property and Equipment)**

### **8.1 Recognition**

Non-current assets - Plant, Property and Equipment (PPE) are physical assets which last a year or more and will be used by the Council in support of its provision of goods and services. The Council has set a minimum amount for expenditure on assets to be classed as capital expenditure. This de-minimus amount is £30,000. Expenditure on the acquisition, creation or enhancement of non-current assets which cost £30,000 or more is capitalised on an accruals basis providing that it meets the above definition of a non-current asset. Plant, Property and Equipment would include assets such as machinery, it would not typically include assets held for sale, as they would normally be expected to be disposed of within 12 months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day-to-day servicing of assets including repairs and maintenance is recognised in the Comprehensive Income and Expenditure Statement as the costs are incurred.

### **8.2 Measurement**

Assets are initially measured at cost, comprising:-

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located in cases where, in order to bring an asset into use, any relocation of the asset is required.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- Infrastructure, community assets and assets under construction are valued at depreciated historical cost;
- Council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);



- All other operational assets have been measured at current value based on existing use value (EUV). This means that the current value of land and buildings would be that amount which would be exchanged for an asset in its existing use. If there is no market evident for an asset due to its specialist nature or if the type of asset is rarely sold, the Authority estimates the current value using a depreciated replacement cost approach. For example for property comprising land and buildings depreciated replacement cost would be the market value for the existing use for the land on which the building sits plus the current gross replacement cost of the building less allowances for physical deterioration, obsolescence and optimisation.
- Where an asset is not held for the purpose of generating cash flows, value in use is assumed to be at least equal to the cost of replacing the asset's service potential.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. 'Short Useful life' typically means seven years or less, although it may be longer for specialist items of plant and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In practice, the Council undertakes valuations of its assets based on a five-year rolling programme. However, assets with a carrying value over £500k are revalued each year.

Increases in asset values are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, revaluation gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement (CIES).

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **8.3 Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Examples of events and changes in circumstances that indicate impairment may have incurred include:-

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- evidence of obsolescence or physical damage of an asset;

- a commitment by the Council to undertake a significant reorganisation; and
- a significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified on revalued assets, they are accounted for by:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the impairment against 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, the impairment against the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement; where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, to the extent that the original loss was recognised in the CIES, adjusted for depreciation that would have been charged if the loss had not been recognised. Any excess is recognised in the Revaluation Reserve.

Where the impairment is on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) the impairment is recognised in the Comprehensive Income and Expenditure Statement.

#### **8.4 Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets in order to allocate their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

- dwellings and other buildings – straight-line allocation over periods of up to 75 years, as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over 5 to 15 years;
- infrastructure – straight-line allocation over periods of up to 45 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is not charged in the year an asset is acquired.

## **8.5 Non-current Assets Held for Sale**

These assets are actively marketed for sale and where the Council expects that sale will go through in the next 12 months. The assets are identified separately as the value in the Balance Sheet will be recovered principally through a sale transaction rather than future continued use. The asset (or disposal group) is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value of non-current assets held for sale is measured at the highest and best use. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets (or a disposal group) no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

A 'disposal group' is a group of assets, possibly with some associated liabilities, which the Council intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

## **8.6 Disposals of Non-current Assets**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also 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.

Amounts received for a disposal in excess of £10k are categorised as capital receipts and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves 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 appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

## **8.7 Surplus Assets**

The fair value of surplus assets is 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. This will be based on the highest and best use.

## **8.8 Heritage Assets**

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives to preserve the heritage of the Isle of Anglesey. The Council owns a number of tangible heritage assets such as historical buildings and works of art.

Operational Heritage Assets (i.e. those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are valued and accounted for as operational assets, in the same way as other assets of that general type (e.g. operational buildings).

Heritage Assets are valued on the basis that is most appropriate and relevant in respect of the individual asset or class of assets. Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, Heritage Assets are measured at historical cost (less any accumulated depreciation, amortisation and impairment losses). Where Heritage Assets are measured at valuation, then the carrying amount is measured with sufficient frequency to ensure that the valuations remain current, and at intervals of no greater than five years. Where a cost or valuation cannot be determined for a Heritage Asset without disproportionate cost, the assets will not be recognised in the Balance Sheet. Instead, the asset will be disclosed in the notes to the accounts.

Where a Heritage Asset has a finite life, depreciation is provided for on the same basis as for other classes of asset (for detail see under Non-Current Assets - Property, Plant and Equipment).

Depreciation is not provided on Heritage Assets which have indefinite lives. The carrying amount of a Heritage Asset is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment is recognised on the same basis as for other classes of asset (for detail see under Non-Current Assets - Property, Plant and Equipment). The Council does not currently actively seek further acquisitions of Heritage Assets, but responds to opportunities to enhance its portfolio as they arise. The art collections are housed at Oriel Ynys Môn, with maintenance work being carried out as required. Parts of the collection are on display at any one time, while access to the remainder is available by arrangement. The Heritage Properties are managed and maintained, with due regard for their heritage characteristics, as part of the Council's overall portfolio of land and buildings.

## **8.9 Treatment of School Assets**

Local Authority maintained schools are deemed to be in the control of local authorities. The assets, liabilities, reserves and cash flows of the Authority's maintained schools are, therefore, included in the Council's financial statements.

Land and buildings of voluntary aided and foundation schools are owned and controlled by the trustees of the schools or the foundation body and are, therefore, not shown on the Balance Sheet of the Council.

Capital expenditure on community schools is added to the balances for those schools. Individual schools' balances at 31 March 2016 are included in the Balance Sheet of the Council as any unspent delegated schools' budgets remain the property of the Council.

For accounting purposes, the status of the assets of voluntary controlled and voluntary aided schools is as follows:-

- Voluntary Controlled Schools: the land has been included on the Balance Sheet but not the buildings;
- Voluntary Aided Schools: neither the land nor the buildings are included in the Balance Sheet;
- Additionally, neither the land nor the buildings of Caergeiliog Foundation School are included on the Balance Sheet, as these assets vest with the trustees of the school.

## **9. Investment Properties**

Investment properties are those land and buildings 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.

Investment properties are recognised when it is probable that future planned economic benefits will flow to the Authority and that the cost or fair value of the investment property can be reliably measured. Investment properties are measured initially at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. The Code requires that Investment Properties be valued at their highest and best use regardless of the intentions of the Council. This means that alternative uses have been considered for each investment property and, if there is an alternative use that would maximise fair value then that is the fair value which is to be used. The properties are not depreciated but are revalued annually in accordance with IFRS13 according to market conditions at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance.

The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **10. Intangible Assets**

Intangible assets are non-current, non-financial assets which are separately identifiable but which do not have physical substance (for example, computer software). These are controlled by the Council as a result of past events. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are, therefore, carried at cost less accumulated amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Intangible assets are tested for any impairment annually and whenever there is an indication that an asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **11. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the 'First In, First Out' (FIFO) costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work in progress is included in the Balance Sheet at cost.

#### **12. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

#### **13. Financial Instruments**

Financial instruments are measured at fair value in accordance with IFRS13. The fair value of financial instruments is 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.

### **13.1 Financial Liabilities**

A financial liability is a requirement to transfer economic benefit controlled by the Authority to another entity, for example pay cash or transfer assets/liabilities. The Authority's loans from the PWLB are examples of financial liabilities. Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Some financial liabilities will be carried at amortised cost to reflect the fact that the Council has incurred transaction costs or is required to spread the life of the financial liability across the life of the instrument. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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. The interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio, the Authority has a policy of spreading the gain or loss over the term that was remaining on the loan. This means that the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council 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 Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **13.2 Financial Assets**

Financial assets are classified into two types:-

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market;
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

### **13.2.1 Loans and Receivables**

Loans and receivables 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. Examples include short-term deposits and investments in instant access accounts. They are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, the Council has made a limited number of loans to employees and at less than market rates (soft loans). The Council has determined that the value of the individual loans of notional interest foregone is negligible and so has not adjusted the entries to the Income and Expenditure in respect of these soft loans.

### **13.2.2 Available-for-Sale Financial Assets**

Where applicable and if material, available-for-sale financial assets 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. Examples of available-for-sale financial instruments include UK Government bonds (gilts) and certifications of deposit. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:-



- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations;
- Fair value – a price agreed between both parties.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

## **14. Provisions, Contingent Liabilities and Contingent Assets**

### **14.1 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate section line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### **14.2 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. 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.

Material contingent liabilities are not recognised in the Balance Sheet but disclosed as a note in the accounts (Note 42).

#### **14.3 Contingent Assets**

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

Material Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential (Note 43).

### **15. Reserves**

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions, either statutory or voluntary, which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds for future policy purposes, to cover contingencies or manage cash flow. These are summarised in the Movement in Reserves Statement.

Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement on the Reserve Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies and notes.

## **16. Revenue Recognition**

Revenue is recognised in the Comprehensive Income and Expenditure Statement for the year in which it is earned rather than when the cash is paid. This relates to income from the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the provision of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e. Council Tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria. Revenue is also recognised on gains which may or may not arise from ordinary activities such as gains on the revaluation of non-current assets, gains on the sale of non-current assets and gains on available-for-sale financial assets. Where the Authority is acting as an agent, only the income the Council is paid for its role of agent will be recognised in the accounts. The amount relating to the third party (the principal) will not be included in the accounts.

Revenue is recognised and measured at the fair value of the consideration receivable. This is 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. Rebates and cash settlements, where relevant, will be taken into account in measuring the fair value of the consideration received.

If payment is on deferred terms, the consideration receivable is discounted to present value in order to achieve a fair value. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on Provision of Services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to Council Tax and general rates, and, therefore, these transactions are measured at their full amount receivable.

## **17. Internal Interest**

The Council invests its cash balances in accordance with its Treasury Management and Investment Policies for periods up to five years and the interest is accrued and credited to the Comprehensive Income and Expenditure Statement. Interest is credited to trust funds and other third party funds based on the average rate of interest earned by the Council. Some reserves receive interest by way of an appropriation calculated on the same basis.

## **18. Leases**

Where applicable and material, leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Council does not hold any leases of this type and, therefore, the leases that the Council does hold are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. Leases have been reviewed taking into account the materiality level of both annual rentals and capital values and inclusion in the accounts is based on these levels.

## **18.1 The Council as lessee**

### **18.1.1 Finance Leases**

If applicable and of a material value, items of Property, Plant and Equipment held under finance leases would be recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:-

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

If Property, Plant and Equipment are recognised under finance leases, they would be accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are, therefore, substituted by a revenue contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **18.1.2 Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## **18.2 The Council as Lessor**

### **18.2.1 Finance Leases**

If the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. If applicable, at the commencement of the lease the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. The Council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also 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) matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:-

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves 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.

### **18.2.2 Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## 19. Charges to Revenue for Non-Current Assets - Minimum Revenue Provision (MRP)

The Comprehensive Income and Expenditure Statement is charged with the following amounts to record the real cost of holding non-current assets during the year:-

- Depreciation and amortisation of assets used by the Service;
- Revaluation and impairment losses on assets used by the Service;
- Profit or loss on disposal of assets.

The Council is not required to raise Council Tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are, therefore, replaced by the Minimum Revenue Provision (MRP) by way of an adjusting entry in the Movement in Reserves 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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. The Local Government Act 2003 requires the Council to charge the Council Fund a provision for the redemption of debt. This is then reduced by the amount of depreciation charge already made to the Comprehensive Income and Expenditure Statement to leave the net MRP chargeable to the Council Fund.

The Welsh Government issued new regulations in 2008/09 requiring local authorities in Wales to make a prudent provision for MRP, including an option to provide a MRP over the life of an asset. The policy also allows MRP to be deferred until the asset is commissioned.

The Council, however, continues to calculate using the capital financing requirement methodology as follows:-

The Housing Revenue Account (HRA) provision is calculated as being 2% of the opening HRA Capital Financing Requirement (CFR). The Council Fund provision is based on 4% of the opening non-HRA CFR for all projects with the exception of projects funded by unsupported borrowing. The MRP for these projects is based on the useful life of the asset. An exception to this policy arises in respect of expenditure which is subject to a capitalisation direction issued under Section 40(6) of the Local Government and Housing Act 1989. Any such expenditure will be amortised either in accordance with the above policy or over the number of years specified within the direction.

## 20. Grants Receivable

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:-

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contribution have been met. Grant conditions are the requirements which have to be met in order to qualify for the grant, for example, the building of a school or key outcomes specified within the conditions. Monies advanced as grants and contributions, for which conditions have not been satisfied, are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Some grants bodies impose restrictions which limit or direct the purposes for which the grant may be used but do not stipulate that the grant is to be repaid.

## **21. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **22. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the Chartered Institute of Public Finance Accounting (CIPFA) Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:-

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation. However, a charge is made to the Housing Revenue Account;
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Net Expenditure on Continuing Services.

## **23. Foreign Currency**

The Council has a diminishing number of European grant aided schemes where the grants may be denominated in Euros. A Euro Bank account was opened to support these schemes. The balance on this bank account at the year-end is converted at the spot exchange rate at 31 March with resulting gains or losses being recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **24. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:-

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are, therefore, replaced by the contribution in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Transactions in relation to investment properties are recorded against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

## **25. Employee Benefits**

### **25.1 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, bonuses and non-monetary benefits 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, which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. To prevent fluctuations from impacting on Council Tax, the year-on-year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulating Absences Adjustment Account, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council does not award long-term employee benefits, i.e. those which are not expected to be paid or settled within 12 months of the Balance Sheet date.

### **25.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.



Where termination benefits involve the enhancement of pensions (usually in the form of added years), these costs are treated as pension costs for the purpose of the statutory transfer between the Pensions Reserve and the General Fund of the amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations.

### **25.3 Post-Employment Benefits**

Employees of the Council are entitled to be members of two separate pension schemes:-

- The Teachers' Pension Scheme, administered by the Department for Education;
- The Local Government Pension Scheme, administered by Gwynedd Council.

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

### **25.4 Teachers' Pension Scheme**

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified to the Council. The scheme is, therefore, accounted for as if it was a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Educational Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Agency in the year.

### **25.5 The Local Government Pension Scheme**

All employees (other than teachers) and Councillors, subject to certain qualifying criteria, are able to join the Local Government Pension Scheme. The Scheme is known as the Gwynedd Pension Fund and is administered by Gwynedd Council in accordance with the Local Government Pension Scheme Regulations 2013 on behalf of all participating employers. Under International Accounting Standard (IAS 19), the Local Government Scheme is accounted for as a defined benefits scheme;

The liabilities of the Gwynedd Pension Scheme 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 about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;

Liabilities are discounted to their value at current prices, using a real discount rate that is based on the indicative rate of return on UK Government bonds adjusted for an addition to the yield that reflects the extra risk involved in using AA Corporate Bond yields – known as the credit spread;

The assets of Gwynedd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:-

- Quoted securities - current bid price;
- Unquoted securities - professional estimate;
- Unitised securities - current bid price;
- Property - market value.

The change in the net pension liability is analysed into six components:-

- a) 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;
- b) 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 Non Distributed Costs. Net interest on the net defined benefit liability, i.e. the net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time is 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 liability at the beginning of the period (taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments);
- c) Re-measurement comprising:-
  - The return on plan assets (excluding amounts already included in the net interest on net defined benefit), which is charged to the Pensions reserve as Other Comprehensive Income and Expenditure;
  - The re-measurement of the net defined benefit liability – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions reserve as other Comprehensive Income and Expenditure;
- ch) Gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services to the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- d) 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.

Components (a-d) are charged to the Comprehensive Income and Expenditure Statement in year, but to avoid changes in pensions liabilities having a disproportionate impact on Council Tax, statutory provisions exist that restrict the amount charged against the General Fund to the amount payable by the Council to the Pension Fund (d). The difference between these two values is adjusted for in the Movement in Reserves Statement. In relation to retirement benefits, statutory provisions require the General 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.

This means that there are appropriations to and from the Pensions Reserve to remove the 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 negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

## **25.6 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 employee (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.

## **26. Equal Pay, Single Status and Job Evaluation Claims**

The Council is the subject of equal pay, single status and job evaluation claims from current and former employees that it intends to defend. However, the Council has prudently set up both a reserve and a provision to meet the costs arising from these potential liabilities. The Statement of Accounts, therefore, does not currently reflect the actual value of the claims but rather an estimate of the financial liabilities which will arise from them. In 2015/16, a significant amount of job evaluation costs have been paid which have been funded from the provision made in prior years.

## **27. Exceptional Items**

Where items of income and expense are material in the context of these accounts, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. An example of this for 2015/16 is the HRA buy-out of £21.169m, which was a one-off exceptional transaction and will be shown on the face of the HRA Comprehensive Income and Expenditure Statement with relevant disclosures.

## **28. Accounting for NDR**

As the Council acts as an agent in the collection of NDR income, it does not include the financial position with regard to the ratepayers and only reports the net cash position with Central Government in its Balance Sheet. Therefore, if the amount collected from NDR taxpayers by the authority (net of the cost of collection allowance) exceeds that paid to Welsh Government at 31 March; the amount not yet paid to the Welsh Government is included in the Balance Sheet as a creditor. Similarly, if the cash paid to Welsh Government exceeds the cash collected from NDR taxpayers (net of the cost of collection allowance) the excess is included in the Balance Sheet as a debtor. The Council maintains records of NNDR arrears, impairment allowances, prepayments and overpayments in its underlying accounting records; however, for final accounts purposes these balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The cost of collection allowance received by the Isle of Anglesey County Council is the billing Council's income and is included in the Comprehensive Income and Expenditure Statement. Cash collected from NDR taxpayers is not included in the Cash Flow Statement except for the cash retained in respect of the cost of collection allowance. Any difference between the cash collected from NDR taxpayers and the amount paid into the NDR National Pool is included within financing activities in the Cash Flow Statement.

## **29. Agency Income and Expenditure**

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs. Only the amounts relating to the Council, for example, the fees earned for providing the agency services, will be included in the Council's Comprehensive Statement of Income and Expenditure.

The Isle of Anglesey County Council has acted as an agent on behalf of:-

- Central Government - Collecting National Non-Domestic Rates (NNDR) and paying the sums collected over to Central Government, less the amount retained in respect of the cost of collection allowance.

#### **NOTE 2a – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) will introduce the undermentioned changes in accounting policies. These changes will, in 2016/17, require retrospective implementation from 1 April 2015.

- Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs (2010 – 2012 Cycle)
- Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs (2012 – 2014 Cycle)
- Amendment to IAS 1 *Presentation of Financial Statements* (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement.

The code does not anticipate that the above amendments will have a material impact on the information provided in the financial statements. However, in 2016/17 the comparator 2015/16 Comprehensive Income and Expenditure Statement and Movement in Reserves must reflect the new format required from 2016/17.

In addition, a significant change to the accounting for Highways Network Asset (HNA) will be implemented from 1 April 2016. This applies prospectively, i.e. there is no requirement to restate opening balances at 1 April 2015. The changes required from 2016/17 are likely to significantly increase the value of the Highways Network Asset on the Balance Sheet due to a change in valuation basis from depreciated historic cost to depreciated replacement cost.

#### **NOTE 2b – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED AND HAVE BEEN ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 introduced a number of new requirements for Councils to comply with updated reporting standards that have been adopted. The relevant changes relate to the following standards, all of which will, where they apply, be amended for accounts produced for financial periods starting after 1 April 2015.

- IFRS 13 Fair Value Measurement
- Annual Improvements to IFRSs (2011-13 Cycle)
- IFRIC 21 Levies.

The changes are adopted retrospectively but, as the Statement of Accounts already reflects the requirements of these reporting standards in so much as they apply to the Council there is no need to restate prior period accounting data.

Annual improvements to IFRS (2011-13 cycle) clarify the circumstances where it is necessary to include comparative information in the accounts. Comparative information is already included within these statements in line with the revised requirements.

### **NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:-

- The Accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Council will continue in operational existence for the foreseeable future. No recognition has, to date, been made of proposals being made for Local Government reorganisation which may come to fruition within the next three to four years.
- The Council has determined that a number of assets which are used for social or economic development purposes are not solely held for income generation or capital appreciation purposes and, therefore, do not meet the definition of investment properties. As a consequence, these assets are shown as Non-Current Assets - Property, Plant and Equipment within the Balance Sheet. In accordance with current guidance regarding the treatment of certain types of schools, only the value of the land for voluntary controlled schools is included in the Balance Sheet. As the Council does not own these types of schools, and does not have access to them for valuation purposes, the value of the buildings is excluded from the Balance Sheet. In addition to this, as regards Voluntary-Aided and Foundation Schools, neither the value of land nor the buildings, are included on the Balance Sheet.
- Capital and revenue grants are reviewed regularly to assess whether the terms and conditions attached to the respective grants have been met. If the terms and conditions have been met they will be recognised within the Comprehensive Income and Expenditure Statement in the year. If not, they will be carried within the Balance Sheet within creditors until such time as either the terms and conditions associated with the grant are met or the grant is repaid to the grant provider should the terms and conditions not be met. This treatment can result in material balances being carried in the Balance Sheet as deferred income.
- The group boundaries have been reviewed using the criteria outlined in the relevant accounting standards and Code of Practice; the Council has not identified any companies or organisations that would require it to complete group accounts.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **NOTE 4a – 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 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 2016 may be considered to be most vulnerable for estimating error in the forthcoming financial year:-

**Non-Current Assets - Property, Plant and Equipment** – Assets are depreciated over useful lives in accordance with standard accounting practices. Any difference between the depreciation applied and actual deterioration to assets will naturally reflect in future spending patterns. Information relating to Property, Plant and Equipment is contained in Note 15 on page 56.

'Where an item of Property, Plant and Equipment (Non-Current Asset) has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.'

Applying this in practice requires two judgements to be made, to establish:-

- the proportion of the cost of an asset which is considered to represent a significant part of the asset; and
- the cost threshold, below which the separate calculation of depreciation on part of an asset would not have a significant effect on the amount of depreciation as a whole.

The Council has set these figures at 20% of the total cost of the asset and £2m respectively. As is stated above in respect of depreciation in general, physical deterioration of the individual parts of an asset may, over time, lead to spending patterns which have not been fully reflected in the levels of depreciation previously provided for.

**Council Housing** - The Council's Housing stock is valued under a standard methodology, part of which requires the application of an adjustment factor to allow for the difference between rents and yields on private sector and social housing. There is currently no published adjustment factor for Wales, and therefore the Council has selected the most comparable of the English regions and applied the published factor for that, which was 31%. Should a specific factor be published, either for Wales as a whole, or on a regional basis, then this will be applied.

**Provisions** –The Council has made provision for a series of uncertainties which could result in significant costs in later years. These principally relate to equal pay, after-care costs for the Penhesgyn landfill site, prospective termination benefits for staff leaving the Council and potential liabilities arising from insurance claims. Full details are contained in Note 27. A change in the anticipated value of settlements for equal pay by 10% would increase or decrease the expected value of the liability by approximately £0.302m.

**Pensions Liability** – The Pension Liability position, as contained within the accounts, is based on a number of complex assessments and judgements relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on pension assets. A firm of consulting actuaries is engaged by the administering Council to provide expert advice on the assumptions to be applied. Further details are contained in Note 41.

**Doubtful Debts Impairment/Allowance** – As at 31 March 2016, the Council had a short-term net debtor balance of £23.358m. A review of arrears balance suggested that impairment for doubtful debts of £5.4m was appropriate. Any differences between the impairment level applied and the actual arrears position will naturally reflect in future spending patterns. Doubtful Debts impairments are contained within the figures for Short Term Debtors contained in Note 24 on page 63.

#### **Fair Value Measurement.**

Fair value measurement will be in accordance with IFRS13 Fair Value Measurement as reported in the CIPFA Code of Practice 2015/16. In most cases, fair value is a market-based measurement. IFRS13 provides more direction and clarity in relation to valuation of assets and liabilities. However, where there is no observable market to value against, this will involve professional judgement. When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities. The depreciated replacement cost (DRC) model is used to measure the fair value of some of the authority's investment properties and financial assets.

Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Authority's Chief Valuation Officer).

The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

#### **NOTE 4b - PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

There are no prior period adjustments made to the accounts this year.

#### **NOTE 5 – MATERIAL ITEMS OF INCOME AND EXPENDITURE**

There are no material items of income or expenditure that have not been disclosed elsewhere in the accounts.

#### **NOTE 6 – EVENTS AFTER BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Council's Section 151 Officer on 27 September 2016. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no events between the 31 March 2016 and 27 September 2016 which affect the main financial statements. However the EU referendum result on 23 June 2016 to leave the European Union does not change any specific financial information within the accounts. The result has created a more uncertain economic environment which potentially increases the risks to the authority as discussed in Note 45.

## NOTE 7 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015-16	Usable Reserves				Movement in Unusable Reserves £'000
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation, impairment and amortisation of non-current assets	13,030	9,268	-	-	(22,298)
Revaluation losses/(Gains) on Property, Plant and Equipment	(765)	(134)	-	-	899
Movements in the market value of Investment Properties	(186)	-	-	-	186
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(8,585)	(2,919)	-	-	11,504
Revenue expenditure funded from capital under statute	880	21,169	-	-	(22,049)
Carrying amount of Non-current Assets sold	1,399	285	-	-	(1,684)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Minimum Revenue Provision for Capital Funding	(3,606)	(453)	-	-	4,059
Capital expenditure charged against the Council Fund and HRA balances	(180)	(2,725)	-	-	2,905
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Proceeds from Sale of Non-current Assets	(3,024)	(794)	3,818	-	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(3,818)	-	3,818
Use of capital reserve to finance capital expenditure	(115)	-	-	-	115
Other Capital Receipts	-	-	-	-	-
Capital Receipts Reserve set aside to repay debt	-	-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	97	38	-	-	(135)
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	14,036	228	-	-	(14,264)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,556)	(228)	-	-	8,784
<b>Adjustment involving Unequal Pay Back Adjustment Account</b>					
Amounts charged to CIES that are different from the cost of settlements chargeable in year in accordance with statutory requirements	713	-	-	-	(713)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>					
Adjustments in relation to short-term compensated absences	282	(9)	-	-	(273)
<b>Total Adjustments</b>	<b>5,420</b>	<b>23,726</b>	<b>-</b>	<b>-</b>	<b>(29,146)</b>



2014/15	Usable Reserves				Movement in
	Council	Housing	Capital	Capital	Unusable
	Fund	Revenue	Receipts	Grants	Reserves
	Balance	Account	Reserve	Unapplied	
	£'000	£'000	£'000	£'000	£'000
<b><u>Adjustments primarily involving the Capital Adjustment Account:</u></b>					
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>					
Charges for depreciation, impairment and amortisation of non-current assets	12,787	8,394	-	-	(21,181)
Revaluation losses on Property, Plant and Equipment	1,540	-	-	-	(1,540)
Movements in the market value of Investment Properties	1,199	-	-	-	(1,199)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(5,718)	(2,650)	-	-	8,368
Revenue expenditure funded from capital under statute	1,862	-	-	-	(1,862)
Carrying amount of non-current assets sold	1,111	189	-	-	(1,300)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>					
Minimum Revenue Provision for Capital Funding	(3,662)	(1,009)	-	-	4,671
Capital expenditure charged against the Council Fund and HRA balances	(230)	(2,633)	-	-	2,863
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>					
Proceeds from Sale of Non-Current Assets	(2,100)	(474)	2,574	-	-
Use of the Capital Receipts Reserve to finance capital expenditure			(2,427)	-	2,427
Other Capital Receipts	(96)	-	96	-	-
Capital Receipts Reserve set aside to repay debt	-	-	(243)	-	243
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>					
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	106	31	-	-	(137)
<b><u>Adjustments involving the Pensions Reserve:</u></b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	11,703	198	-	-	(11,901)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,552)	(198)	-	-	8,750
<b><u>Adjustment involving Unequal Pay Back Adjustment Account</u></b>					
Amounts charged to CIES that are different from the cost of settlements chargeable in year in accordance with statutory requirements	-	-	-	-	-
<b><u>Adjustment involving the Accumulating Compensated Absences Adjustment Account</u></b>					
	23	(6)	-	-	(17)
<b>Total Adjustments</b>	<b>9,973</b>	<b>1,842</b>	<b>-</b>	<b>-</b>	<b>(11,815)</b>

## NOTE 8 – EARMARKED RESERVES

	Balance as at	Transfers In	Transfers Out	Balance as at	Transfers In	Transfers Out	Balance as at
	01/04/2014	2014/15	2014/15	31/03/2015	2015/16	2015/16	31/03/2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	565	495	(290)	770	313	(184)	899
Penhesgyn Waste Landfill Site Reserve	2,000	-	-	2,000	-	-	2,000
Service Reserves	1,623	-	(1,623)	-	-	-	-
Restricted Reserves	6,306	3,545	(1,640)	8,211	1,333	(1,661)	7,883
Job Evaluation	2,356	3,317	(3,145)	2,528	244	(2)	2,770
Equal Pay	-	-	-	-	865	-	865
Recycling	229	67	(32)	264	60	-	324
Performance Management Reserve	1,440	-	(1,440)	-	-	-	-
Major Repairs Reserve (HRA)	860	-	-	860	-	(860)	-
Insurance Fund	2,535	626	(1,000)	2,161	175	(1,086)	1,250
Other	491	-	(491)	-	-	-	-
<b>Total</b>	<b>18,405</b>	<b>8,050</b>	<b>(9,661)</b>	<b>16,794</b>	<b>2,990</b>	<b>(3,793)</b>	<b>15,991</b>

### Purpose of Earmarked Revenue Reserves

**Capital Expenditure** - to fund capital expenditure in future years. This has been created to ensure committed capital expenditure, including expenditure which has slipped from previous years, is fully financed.

**Penhesgyn Waste Landfill Site Reserve** – this reserve has been set up to fund remodelling work relating to groundwork at the landfill site.

**Restricted Reserves** – specific earmarked reserves within service areas.

**Job Evaluation** - As a result of the 'Single Status' agreement, the Council, in common with most other local authorities, was required to introduce a new pay and grading system with effect from 1 April 2007. The extent to which this exercise may involve an obligation to back pay is uncertain. Negotiations are proceeding on a revised pay and grading structure. A sum has been set aside in the Job Evaluation reserve towards the overall cost of the exercise.

**Recycling** - Resources ring-fenced solely for the purpose of waste recycling projects.

**Insurance Fund** - The Council runs an internal insurance account which pays for self-insured losses and which receives 'premiums' from service accounts. The known losses at year-end are provided for. This reserve is the surplus on the internal insurance account plus interest on balances and is intended to cover claims which have been incurred but have not been reported.

## NOTE 9 – SCHOOLS BALANCES

These balances are reserved for each school's use in pursuance of its educational objectives.

	Balance 01/04/2014	Addition / (Reduction) for 2014/15	Balance 31/03/2015	Addition / (Reduction) for 2015/16	Balance 31/03/2016
	£'000	£'000	£'000	£'000	£'000
Community and Voluntary Primary Schools	1,035	476	1,511	205	1,716
Community Secondary Schools	309	320	629	(325)	304
Community Special School	5	93	98	68	166
Foundation Primary School	169	31	200	76	276
<b>Total</b>	<b>1,518</b>	<b>920</b>	<b>2,438</b>	<b>24</b>	<b>2,462</b>

At 31 March 2016, all schools had balances in surplus apart from three primary schools (four as at 31 March 2015) and one secondary school (two as at 31 March 2015), which had a combined deficit of £0.160m (£0.348m as at 31 March 2015). Copies of the Section 52 Statements, which each Council is required to prepare after the end of each financial year under Section 52(2) of the School Standards and Framework Act 1998, can be obtained from the Accountancy Section, Resources Function, County Offices, Llangejni, Anglesey, LL77 7TW.

## NOTE 10 – CAPITAL RECEIPTS RESERVE

These are cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure. From April 2004 all receipts are usable, although some of the HRA receipts were set-aside on a voluntary basis to repay debt, in order to match the subsidy on the HRA. The Council has since bought out of the subsidy arrangement with Welsh Government through a PWLB loan and therefore, this set-aside is no longer required. The amounts set-aside were transferred to the Capital Adjustment Account.

	2015/16	2014/15
	£'000	£'000
<b>Balance 1 April</b>	-	-
Capital Receipts in year (net of reduction for administration costs)	3,818	2,670
	<b>3,818</b>	<b>2,670</b>
<b>Less:</b>		
Receipts set aside to repay debt	-	(243)
Capital Receipts used for financing	(3,818)	(2,427)
<b>Balance 31 March</b>	<b>-</b>	<b>-</b>

## NOTE 11 – UNUSABLE RESERVES

	31/03/2016	31/03/2015
	£'000	£'000
a) Capital Adjustment Account	142,604	163,189
b) Financial Instruments Adjustment Account	(250)	(115)
c) Revaluation Reserve	96,045	85,178
ch) Pensions Reserve	(95,022)	(125,477)
d) Unequal Pay Reserve	(2,151)	(1,438)
dd) Accumulating Compensated Absences Adjustment Account	(1,547)	(1,274)
<b>Total Unusable Reserves</b>	<b>139,679</b>	<b>120,063</b>

### a) 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 costs such as depreciation, impairment losses and amortisations that are charged to the Comprehensive Income and Expenditure Statement and postings from the Revaluation Reserve to convert fair value figures to historic cost.

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. 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 7 on page 47 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2015/16		2014/15	
	£'000	£'000	£'000	£'000
Balance at 1 April		163,189		170,542
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and amortisation of non-current assets	(22,298)		(21,181)	
Revaluation losses on Property, Plant and Equipment	899		(1,540)	
Revenue expenditure funded from capital under statute	(22,048)		(1,862)	
Amounts of non-current assets written off on disposal or sale (including Impairment) as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(1,684)		(1,300)
		<b>(45,131)</b>		<b>(25,883)</b>
Adjusting amounts written out of the Revaluation Reserve		1,959		1,157
<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(43,172)</b>		<b>(24,726)</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	3,818		2,427	
Use of capital reserve	115		-	
Application of grants to capital financing from the Capital Grants unapplied account	-		-	
Capital Receipts Reserve set aside to repay debt	-		243	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,504		8,368	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,059		4,671	
Capital expenditure charged against the Council Fund and HRA balances	2,905		2,863	
		<b>22,401</b>		<b>18,572</b>
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		186		(1,199)
<b>Balance at 31 March</b>		<b>142,604</b>		<b>163,189</b>

**b) Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid and penalties charged on the early redemption of loans. Premiums and Penalties are charged to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance to the FIAA in the Movement in Reserves Statement. Over time, the charge is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Financial Instruments Adjustment Account	2015/16	2014/15
	£'000	£'000
<b>Balance at 1 April</b>	<b>(115)</b>	<b>22</b>
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(135)	(137)
<b>Balance at 31 March</b>	<b>(250)</b>	<b>(115)</b>

### c) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage Assets.

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.

Revaluation Reserve	2015/16	2014/15
	£'000	£'000
<b>Balance at 1 April</b>	<b>85,178</b>	<b>48,083</b>
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	12,826	38,252
Difference between fair value depreciation and historical cost depreciation	(1,470)	(928)
Revaluation balances on assets scrapped or disposed of	(489)	(229)
<b>Balance at 31 March</b>	<b>96,045</b>	<b>85,178</b>

### ch) 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 pension funds or eventually, pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve, therefore, shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2015/16 £'000	2014/15 £'000
<b>Balance at 1 April</b>	<b>(125,477)</b>	<b>(91,152)</b>
Re-measurement of net defined liability	35,938	(31,174)
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(14,266)	(11,901)
Employers' pension contribution and direct payment to pensioners payable in the year	8,783	8,750
<b>Balance at 31 March</b>	<b>(95,022)</b>	<b>(125,477)</b>

#### d) Unequal Pay Reserve

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Council provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

Unequal Pay Reserve	2015/16 £'000	2014/15 £'000
<b>Balance at 1 April</b>	<b>(1,438)</b>	<b>(1,438)</b>
Increase in provision for back pay in relation to Equal Pay cases	(713)	-
Cash settlements paid in the year	-	-
<b>Balance at 31 March</b>	<b>(2,151)</b>	<b>(1,438)</b>

#### dd) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the Council 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 Council Fund Balance is neutralised by transfers to or from the Account.

Accumulating Compensated Absences Adjustment Account	2015/16 £'000	2014/15 £'000
Settlement or cancellation of accrual made at the end of the preceding year	(1,274)	(1,257)
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	(273)	(17)
<b>Amounts accrued at the end of the current year</b>	<b>(1,547)</b>	<b>(1,274)</b>

## NOTE 12 – OTHER OPERATING EXPENDITURE

	2015/16 £'000	2014/15 £'000
Precept paid to North Wales Police	7,107	6,844
Precept paid to Community Councils	1,059	1,000
(Surplus) / Losses on the disposal of non-current assets (Including De-recognition)	(1,999)	(1,335)
Levies	3,204	3,201
Other	(147)	(94)
<b>Total</b>	<b>9,224</b>	<b>9,616</b>

## NOTE 13 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015/16 £'000	2014/15 £'000
Interest payable and similar charges	5,985	5,117
Net interest on the defined liability	4,038	3,903
Interest receivable and similar income	(89)	(91)
Income and expenditure in relation to investment properties and changes in their fair value	(270)	1,272
<b>Total</b>	<b>9,664</b>	<b>10,201</b>

	2015/16 £'000	2014/15 £'000
<b>Income/Expenditure from Investment Properties:</b>		
Income including rental income	(848)	(789)
Expenditure	764	735
<b>Net income from investment properties</b>	<b>(84)</b>	<b>(54)</b>
<b>Deficit on sale of Investment Properties:</b>		
Proceeds from sale	-	(36)
Carrying amount of investment properties sold	-	108
<b>Deficit on sale of Investment Properties:</b>	<b>-</b>	<b>72</b>
<b>Changes in Fair Value of Investment Properties</b>	<b>(186)</b>	<b>1,254</b>
<b>Total</b>	<b>(270)</b>	<b>1,272</b>

## NOTE 14 - TAXATION AND NON-SPECIFIC GRANT INCOME

	2015/16 £'000	2014/15 £'000
Council Tax Income	33,485	31,820
Non Domestic Rates Redistribution	20,471	22,124
Revenue Support Grant	67,268	68,827
Council Tax Reduction Scheme Grant	5,228	5,237
Other Government Grants	725	720
Capital Grants Applied to fund Capital Expenditure	11,504	8,368
<b>Total Taxation and Non-Specific Grant Income</b>	<b>138,681</b>	<b>137,096</b>



## Note 15 – NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT- (PPE)

2015/16	Property, Plant and Equipment								Total £'000
	Council Dwellings	Land and Buildings	Infra-structure Assets	Vehicles, Plant and Equipment	Community Assets	PPE Under Constr-uction	Surplus Assets		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost or Valuation</b>									
At 1 April 2015	118,255	181,586	70,265	9,584	9	472	1,590	381,761	
Adjustment Cost and Depreciation	-	2,336	1,926	10	-	-	(38)	4,234	
Additions (Note 20)	6,077	4,648	4,162	1,065	-	3,287	-	19,239	
Revaluation inc. / (decr.) to (Rev. Reserve)	(10,805)	6,105	-	-	-	-	(244)	(4,944)	
Revaluation inc / (decrease) to Surplus / Deficit on the Prov. of Services	-	223	-	-	-	-	(221)	2	
Derecognition - Disposals	(297)	(1,224)	-	-	-	-	(50)	(1,571)	
Derecognition - other	(5,489)	(4,454)	-	-	-	-	-	(9,943)	
Reclassifications & Transfers from Assets Held for Sale	-	550	-	-	-	-	-	550	
Reclassified to Held for Sale Assets	-	(916)	-	-	-	-	-	(916)	
Reclassified to Surplus Assets	-	(150)	-	-	-	-	150	-	
Reclassified to Investment Property	-	(370)	-	-	-	-	-	(370)	
<b>Balance as at 31 March 2016</b>	<b>107,741</b>	<b>188,334</b>	<b>76,353</b>	<b>10,659</b>	<b>9</b>	<b>3,759</b>	<b>1,187</b>	<b>388,042</b>	
<b>Depreciation and Impairment</b>									
At 1 April 2015	5,520	10,190	15,900	5,962	-	-	112	37,684	
Adjustment Cost and Depreciation	-	2,336	1,926	10	-	-	(38)	4,234	
Depreciation Charge	3,607	5,035	2,811	750	-	-	25	12,228	
Depreciation written out to Revaluation Reserve	(9,115)	(5,682)	-	-	-	-	(48)	(14,845)	
Depreciation written out to Surplus or Deficit on the Provision of Services	-	(1,377)	-	-	-	-	-	(1,377)	
De-recognition - Disposals	(12)	(30)	-	-	-	-	-	(42)	
Reclassification to Assets Held for Sale	-	(19)	-	-	-	-	-	(19)	
Reclassification to Surplus Assets	-	(9)	-	-	-	-	9	-	
Reclassification to Investment Property	-	(104)	-	-	-	-	-	(104)	
<b>Balance as at 31 March 2015</b>	<b>-</b>	<b>10,340</b>	<b>20,637</b>	<b>6,722</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>37,759</b>	
<b>Net Book Value</b>									
<b>Balance as at 31 March 2016</b>	<b>107,741</b>	<b>177,994</b>	<b>55,716</b>	<b>3,937</b>	<b>9</b>	<b>3,759</b>	<b>1,127</b>	<b>350,283</b>	

2014/15

	Property, Plant and Equipment							Total
	Council Dwellings	Land and Buildings	Infra-structure Assets	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
At 1 April 2014	101,233	185,727	65,778	9,255	9	10	1,263	363,275
Additions (Note 20)	5,519	4,283	4,487	333	-	1,816		16,438
Revaluation inc. / (decr.) to (Rev. Reserve)	11,698	(4,080)	-	-	-	-	55	7,673
Revaluation inc / (decrease) to Surplus / Deficit on the Prov. of Services	-	(1,744)	-	-	-	-		(1,744)
Derecognition - Disposals	(217)	(660)	-	-	-	-	(12)	(889)
Reclassifications & Transfers	22	(377)	-	(4)	-	(1,354)	355	(1,358)
Reclassified to Held for Sale Assets	-	(1,563)	-	-	-	-	(71)	(1,634)
<b>Balance as at 31 March 2015</b>	<b>118,255</b>	<b>181,586</b>	<b>70,265</b>	<b>9,584</b>	<b>9</b>	<b>472</b>	<b>1,590</b>	<b>381,761</b>
<b>Depreciation and Impairment</b>								
At 1 April 2014	14,441	15,127	13,012	4,972	-	-	87	47,639
Adjustment between cost/ depreciation	-	-	-	-	-	-	-	-
Depreciation Charge	2,745	4,619	2,888	986	-	-	28	11,266
Depreciation written out to Revaluation Reserve.	(17,160)	(13,447)	-	-	-	-	28	(30,579)
Depreciation written out to Surplus or Deficit on the Provision of Services.	-	(248)	-	-	-	-	-	(248)
Impairment losses/referrals to Surplus or Deficit on the Provision of Services	5,519	4,210	-	4	-	-	-	9,733
Derecognition – Disposals	(28)	(56)	-	-	-	-	-	(84)
Reclassifications & Transfers	3	28	-	-	-	-	(31)	-
Reclassifications to held for Sale Assets	-	(43)	-	-	-	-	-	(43)
<b>Balance as at 31 March 2015</b>	<b>5,520</b>	<b>10,190</b>	<b>15,900</b>	<b>5,962</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>37,684</b>
<b>Net Book Value</b>								
<b>Balance as at 31 March 2015</b>	<b>112,735</b>	<b>171,396</b>	<b>54,365</b>	<b>3,622</b>	<b>9</b>	<b>472</b>	<b>1,478</b>	<b>344,077</b>
<b>Balance as at 31 March 2014</b>	<b>86,792</b>	<b>170,600</b>	<b>52,766</b>	<b>4,283</b>	<b>9</b>	<b>10</b>	<b>1,176</b>	<b>315,636</b>

Details of depreciation and revaluation methodologies are shown in the Accounting Policies Number 7.

## Revaluations

The Council has £361.534m recognised as Property, Plant and Equipment and Heritage Assets on its Balance Sheet as at 31 March 2016. The Council has now adopted a five-year rolling programme for the valuation of its land and property. However, PPE assets with a fair value of £500k or more are revalued each year. The programme is constructed in such a way as to ensure that entire classes of assets within its land and property portfolio greater than £500k are revalued in a single year. The valuations are undertaken by the Council's in-house valuation team who are members of the Royal Institute of Chartered Surveyors (RICS). The valuations have been completed in accordance with IFRS13. Non-property assets have not been revalued as the Council has judged that the carrying value of these assets is approximate to fair value, given their relatively short useful economic lives and the relative value of these assets.

## NOTE 16 - SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2016, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment giving rise to significant capital commitments in 2016/17 and future years as follows: Similar commitments to 31 March 2014 were £1.2m. The significant increase is the result of progress being made in the rollout of the Authority's 21<sup>st</sup> Century Schools programme and progress with the Llangefni Link Road. The 21<sup>st</sup> Century Schools programme and the Link Road will receive significant funding from Welsh Government.

Contract	Commitment into 2016/17 & future years
	£'000
21st Century Schools - Holyhead	7,540
21st Century Schools - Llannau	4,496
Llangefni Link Road	3,064
<b>Total</b>	<b>15,100</b>

## NOTE 17 – HERITAGE ASSETS 2015/16

	Art Collection and Civic Regalia	Heritage Land & Buildings	Total Heritage Assets
	£'000	£'000	£'000
<b>Cost or Valuation</b>			
<b>At 1 April 2015</b>	1,795	1,644	3,439
Additions	39	-	39
Disposal	-	-	-
Revaluation to Revaluation Reserve	-	-	-
Reclassification from Investment Property	-	-	-
<b>At 31 March 2016</b>	<b>1,834</b>	<b>1,644</b>	<b>3,478</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>At 1 April 2015</b>	-	227	227
Depreciation Charge	-	57	57
<b>At 31 March 2016</b>	-	<b>284</b>	<b>284</b>
<b>Net Book Value</b>			
<b>At 31 March 2016</b>	<b>1,834</b>	<b>1,360</b>	<b>3,194</b>
<b>At 31 March 2015</b>	<b>1,795</b>	<b>1,417</b>	<b>3,212</b>

2014/15

	Art Collection and Civic Regalia	Heritage Land & Buildings	Total Heritage Assets
	£'000	£'000	£'000
<b>Cost or Valuation</b>			
<b>At 1 April 2014</b>	<b>1,840</b>	<b>1,644</b>	<b>3,484</b>
Additions	-	-	-
Disposal	(45)	-	(45)
Revaluation to Revaluation Reserve	64	-	64
Reclassification from Investment Property	(64)	-	(64)
<b>At 31 March 2015</b>	<b>1,795</b>	<b>1,644</b>	<b>3,439</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>At 1 April 2014</b>	-	171	171
Depreciation Charge	-	56	56
<b>At 31 March 2015</b>	-	227	227
<b>Net Book Value</b>			
<b>At 31 March 2015</b>	<b>1,795</b>	<b>1,417</b>	<b>3,212</b>
<b>At 31 March 2014</b>	<b>1,840</b>	<b>1,473</b>	<b>3,313</b>

### Revaluation of Heritage Assets

A number of Land & Buildings assets have been identified as meeting the definition of Heritage Assets. At 31 March 2016, there were four such assets (unchanged from 31 March 2015):-

Beaumaris Gaol  
 Beaumaris Courthouse  
 Melin Llynonn Mill  
 Pilot Cottages, Ynys Llanddwyn

Revaluation of these assets follows the Council's standard revaluation procedures for land and property. The Heritage assets were last revalued in 2011/12.

A valuation for the Art Collections was obtained during 2012/13 and the resulting value was reflected in the 2012/13 Accounts. The last valuation is based on a representative sample of the collections. The valuation was carried out by Bonhams of London, a firm of international Art Auctioneers and Valuers.

The Anglesey Art Gallery and museum have had donated a collection of more than 30 paintings by the late Harry Hughes Williams, a painter of the North Wales landscape. The assets are held in trust and have not been included on the Balance Sheet because the cost of obtaining a valuation would not be commensurate with benefits to the users of the financial statements.

## NOTE 18a – INVESTMENT PROPERTIES

	2015/16	2014/15
	£'000	£'000
<b>Balance at start of the year</b>	7,145	7,139
Additions:		
- Subsequent expenditure	-	-
Disposals	-	(107)
Net gains/(losses) from fair value adjustments	186	(1,254)
Transfers:		
(to)/from Asset held for Sale	(1,613)	-
-(to)/from Property, Plant and Equipment	265	1,367
<b>Balance at end of the year</b>	<b>5,983</b>	<b>7,145</b>

There are no investment properties held under an Operating or Finance Lease. 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 or carry out repairs, maintenance or enhancement to existing investment properties.

### Note 18b – Fair Value Measurement of Investment Properties

#### 2015/16 Fair Value Hierarchy

Recurring fair value measurements using :	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair Value as at 31 March 2016
	£'000	£'000	£'000	£'000
Retail Properties		1,754		
Office units		605		
Commercial units		3,624		
		-		
<b>Total</b>		<b>5,983</b>		<b>-</b>

### Note 18c – Valuation approaches used in the valuation of investment properties

#### 18c.1 Residential

The fair value for the residential properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

## 18c.2 Investment Properties

The office and commercial units located in the local Authority area are measured using the income approach, by means of the depreciated replacement cost method, where the agreed cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. Yields have been derived from comparable observable valuations/sales. The Authority's investment properties are, therefore, categorised as Level 2 in the fair value hierarchy as the measurement technique uses observable inputs to determine the fair value measurements. In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

The fair value of the Authority's investment property is measured annually at each reporting period. All valuations are carried out internally in accordance with the methodologies and base for estimations set out in the professional standards of the Royal Institute of Chartered Surveyors. The Authority's valuations experts work closely with finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

### NOTE 19 – INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £70k charged to revenue in 2015/16 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are five years.

#### The Movement in Intangible Assets for the Year is as Follows:-

	2015/16	2014/15
	£'000	£'000
<b>Balance at start of year:</b>		
Gross carrying amounts	1,092	1,068
Accumulated amortisation	(760)	(689)
<b>Net carrying amount at start of year</b>	<b>332</b>	<b>379</b>
Additions	155	24
Amortisation for the financial year	(70)	(71)
<b>Net carrying amount at end of year</b>	<b>417</b>	<b>332</b>
Comprising:		
Gross carrying amounts	1,247	1,092
Accumulated amortisation	(830)	(760)
<b>Net carrying amount at end of year</b>	<b>417</b>	<b>332</b>

## NOTE 20 - CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, 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 that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2015/16	2014/15
	£'000	£'000
<b>Opening Capital Financing Requirement</b>	<b>108,576</b>	<b>108,825</b>
<b>Capital Invested in Year</b>		
Property, Plant and Equipment	19,239	16,437
Intangible Assets	155	24
Heritage Assets	39	-
Revenue Expenditure Funded from Capital Under Statute	24,542	4,826
<b>Total</b>	<b>43,975</b>	<b>21,287</b>
<b>Source of Finance</b>		
Capital Receipts	(3,818)	(2,427)
Capital Reserve	(115)	-
Government Grants and Contributions	(11,504)	(8,368)
Revenue Provisions	(2,905)	(2,863)
REFCUS Grants	(2,494)	(2,964)
Minimum Revenue Provision and Set Aside	(4,059)	(4,914)
<b>Total</b>	<b>(24,895)</b>	<b>(21,536)</b>
<b>Net Increase/(Decrease) in Capital Financing Requirement</b>	<b>19,080</b>	<b>(249)</b>
<b>Closing Capital Financing Requirement</b>	<b>127,656</b>	<b>108,576</b>
<b>Explanation of movement in year</b>		
Increase in underlying need to borrow supported by Government assistance	-	2,399
Increase in underlying need to borrow unsupported by Government assistance	23,139	2,266
Minimum Revenue Provision and Voluntary Set Aside	(4,059)	(4,914)
<b>Net Increase/(Decrease) in Capital Financing Requirement</b>	<b>19,080</b>	<b>(249)</b>

## NOTE 21 – ASSETS HELD FOR SALE

	Current		Non-Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	£'000	£'000	£'000	£'000
<b>Balance outstanding at start of year</b>	2,137	1,011	-	-
<b>Assets newly classified as held for sale:</b>				
Transferred from Property, Plant and Equipment during the year	897	1,578	-	-
Transferred from Investment Property during the year	1,615	-	-	-
Transfer to Property, Plant and Equipment	(550)	-	-	-
Cost of Assets Sold	(155)	(388)	-	-
Revaluation	2,444	(64)	-	-
<b>Balance outstanding at year-end</b>	<b>6,388</b>	<b>2,137</b>	<b>-</b>	<b>-</b>

## NOTE 22 – LEASES

### Operating Leases

The Council had leased two properties at 31 March 2016 for its homelessness function (nine properties at 31 March 2015) and the lease rentals for the year totalled £0.012m (£0.077m 2014/15). These properties have break clauses at 12 months. The reduction is due to a deliberate policy to return empty leased properties to their owners rather than pay rental on an empty property during the year.

The Council also holds certain items of plant and equipment under operating leases or rental agreements within schools and other Council departments. The charge to revenue for these items is £0.150m in 2015/16 (£0.170m in 2014/15).

## NOTE 23 – INVENTORIES

In undertaking its work, the Council holds reserves of inventories together with amounts of uncompleted work (work in progress). The figure shown in the Balance Sheet may be subdivided as follows:-

	31-Mar-16	31-Mar-15
	£'000	£'000
Work In Progress	53	108
Central Stores – Building Maintenance Unit	146	157
Gofal Môn - Social Services supplies	90	112
Other – Stationery and other consumables, fuel and goods held for resale	163	189
<b>Total</b>	<b>452</b>	<b>566</b>

## NOTE 24 - DEBTORS

	Long Term Debtors		Short Term Debtors	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	£'000	£'000	£'000	£'000
Government Departments	-	-	5,430	8,817
NNDR and Council Tax	-	-	5,749	4,252
Other Local Authorities	-	-	1,037	1,287
Rents	-	-	208	334
Public Corporations and Trading funds	-	-	-	2
Employee Car Loans	291	235	135	271
Health Service /Public Bodies	-	-	977	878
Vat	-	-	2,052	2,150
Prepayments	-	-	-	407
Trusts	-	-	534	286
Trade Debtors	299	97	2,383	875
Bodies external to Central Government	-	-	-	125
Other	98	98	4,853	1,470
<b>Total</b>	<b>688</b>	<b>430</b>	<b>23,358</b>	<b>21,154</b>



The above debtors' figures are net of bad debt provisions totalling £5.414m in 2015/16 (£5.442m in 2014/15), which can be analysed as follows:-

	31-Mar-16	31-Mar-15	Movement in Year
	£'000	£'000	
Council Tax	1,199	1,459	(260)
NNDR	701	577	124
Rents	608	596	12
Trade Debtors	2,906	2,810	96
<b>Total</b>	<b>5,414</b>	<b>5,442</b>	<b>(28)</b>

## NOTE 25 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cashflows can be reconciled to the related items in the Balance Sheet as follows:-

	31-Mar-16	31-Mar-15
	£'000	£'000
Cash and Bank balances	17,624	13,208
Bank Overdraft		(803)
<b>Total</b>	<b>17,624</b>	<b>12,405</b>

Note - bank overdrafts are shown separately from cash and cash equivalents where they are not an integral part of the Council's cash management.

## NOTE 26 – CREDITORS

	Long Term Creditors		Short Term Creditors	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	£'000	£'000	£'000	£'000
Government Departments	-	-	5,541	2,177
Other Authorities	-	-	500	1,950
Public corporations and trading funds	-	-	-	3
Bodies External to Central Government	-	-	-	29
Trust Balances	-	-	888	826
Health service/Public Bodies	-	-	144	115
Accumulated Absences	-	-	1,547	1,274
Receipts in advance	-	-	645	958
Trade creditors	-	-	3,666	1,396
Other	59	55	9,199	7,516
<b>Total Creditors</b>	<b>59</b>	<b>55</b>	<b>22,130</b>	<b>16,244</b>

## NOTE 27 - PROVISIONS

	Balance at 01-Apr-14	Increase in Provisions during year	Utilised during year	Balance at 31-Mar-15	Increase in Provisions during year	Utilised during year	Balance at 31-Mar-16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance Claims Provision	601	363	(743)	221	38	-	259
Penhesgyn Waste Site	2,669	-	(100)	2,569	-	(57)	2,512
Termination Benefits	141	24	(142)	23	-	-	23
Job Evaluation	-	2,900	-	2,900	-	(2,774)	126
Equal Pay	1,897	1,122	(3)	3,016	-	(865)	2,151
<b>Total</b>	<b>5,308</b>	<b>4,409</b>	<b>(988)</b>	<b>8,729</b>	<b>38</b>	<b>(3,696)</b>	<b>5,071</b>
<b>Short Term Provisions</b>	<b>2,613</b>	<b>4,409</b>	<b>(862)</b>	<b>6,160</b>	<b>38</b>	<b>(3,639)</b>	<b>2,559</b>
<b>Long Term Provisions</b>	<b>2,695</b>	<b>-</b>	<b>(126)</b>	<b>2,569</b>	<b>-</b>	<b>(57)</b>	<b>2,512</b>
<b>Total</b>	<b>5,308</b>	<b>4,409</b>	<b>(988)</b>	<b>8,729</b>	<b>38</b>	<b>(3,696)</b>	<b>5,071</b>

### Purpose of Main Provisions

#### Insurance Claims Provision

The Council's external insurance policies have excess deductible amounts, which mean that the first part of any loss or claim under these policies is self-insured and protected by means of a stop-loss. The Council's general and education properties are not externally insured against the following perils: escape of water from any tank or pipe, flood, impact, theft, accidental damage, subsidence, ground heave, landslip. With the exception of theft and accidental damage, losses resulting from these perils are normally funded from the insurance reserve. The balance on the insurance provision is the expected liability for the self-insured element of known claims which had not been settled at year-end.

#### Penhesgyn Waste Site

The provision is for the aftercare of the areas of the site formerly used for landfill. There is no defined timescale for this work to be completed although, for management purposes, a time span of 30 years from site closure is deemed acceptable.

#### Termination Benefits

The provision is to meet known future liabilities arising from staff reductions following the restructure of Council departments. Benefits are currently being paid either in the year in which the termination is agreed or by payments in instalments to Gwynedd Pension Fund.

#### Job Evaluation

The provision is to allow for back pay awarded as a result of a Council-wide review of employee terms and conditions.

**Equal pay** – This is a provision for ongoing legal claims against the Council in relation to Equal Pay.

## NOTE 28 – CASH FLOW FROM OPERATING ACTIVITIES

	2015/16	2014/15
	£'000	£'000
<b>Adjustment to surplus or deficit on the Provision of Services for non-cash movements</b>		
Depreciation and Impairment	22,298	21,181
HRA buy-out	21,169	-
Downward/(upwards) revaluations and non-sale de-recognitions/(gains)	(899)	1,540
Amortisation	70	71
(Increase)/Decrease in Inventories	114	(119)
(Increase)/Decrease in Debtors	(2,462)	3,547
Increase/(Decrease) in impairments for Bad Debts	(28)	(160)
Increase /(Decrease) in Creditors	5,890	(3,151)
Increase/(Decrease) in Capital Grants receipts in advance	922	-
Transactions within the CIES relating to retirement benefits	5,481	3,152
Carrying amount of non-current assets sold	1,684	1,300
Contributions to/(from) Provisions	(3,600)	3,421
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	(186)	1,199
	<b>50,453</b>	<b>31,981</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
(Gain)/losses from the sale of Property, Plant and Equipment, investment property and assets held for sale	(2,415)	(2,670)
Capital grants included in "Taxation and non-specific grant income"	(11,504)	(8,368)
<b>Total</b>	<b>(13,919)</b>	<b>(11,038)</b>

## NOTE 29 – CASH FLOW FROM INVESTING ACTIVITIES

	2015/16	2014/15
	£'000	£'000
Purchase of Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets	(19,433)	(16,462)
Short Term Investments (not considered to be cash equivalents)	-	-
Gain/(losses) from the sale of Property, Plant and Equipment, Investment Property and Assets Held for Sale	2,415	2,670
Capital Grants and Contributions Received	11,504	8,368
<b>Net Cash flows from Investing Activities</b>	<b>(5,514)</b>	<b>(5,424)</b>

## NOTE 30 – CASH FLOW FROM FINANCING ACTIVITIES

	2015/16	2014/15
	£'000	£'000
Cash Receipts from Short and Long-Term Borrowing	-	-
Difference between cash paid and received as part of NNDR Pool 2015/16	(1,044)	-
Other	(745)	267
<b>Net Cash flows from Financing Activities</b>	<b>(1,789)</b>	<b>267</b>

	2015/16	2014/15
	£'000	£'000
Interest Received	(88)	(91)
Interest Paid	5,985	5,117

## NOTE 31 – AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:-

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to Departments.

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement and shows how the figures in the analysis of departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

## Amounts Reported For Resource Allocation Decisions

### 2015/16 – Directorate Analysis

	Education & Lifelong Learning	Community Services	Sustainable Development	Deputy Chief Executive	Corporate and Democratic Core	Housing Revenue Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(5,926)	(7,606)	(13,552)	(11,103)	(56)	(15,808)	(54,051)
Government Grants and other contributions	(14,221)	(8,159)	(7,104)	(19,575)	-	(2,997)	(52,056)
<b>Total Income</b>	<b>(20,147)</b>	<b>(15,765)</b>	<b>(20,656)</b>	<b>(30,678)</b>	<b>(56)</b>	<b>(18,805)</b>	<b>(106,107)</b>
Employee expenses	47,222	15,489	13,616	9,057	-	2,107	87,491
Other Service Expenditure	23,828	29,001	25,831	23,764	1,350	13,380	117,154
Support Service Expenditure	102	83	216	1,175	-	7	1,583
<b>Total Expenditure</b>	<b>71,152</b>	<b>44,573</b>	<b>39,663</b>	<b>33,996</b>	<b>1,350</b>	<b>15,494</b>	<b>206,228</b>
<b>Net Expenditure</b>	<b>51,005</b>	<b>28,808</b>	<b>19,007</b>	<b>3,318</b>	<b>1,294</b>	<b>(3,311)</b>	<b>100,121</b>

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### 2014/15 – Directorate Analysis

	Education & Lifelong Learning	Community Services	Sustainable Development	Deputy Chief Executive	Corporate and Democratic Core	Housing Revenue Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(13,354)	(11,113)	(15,758)	(10,686)	-	(22,627)	(73,538)
Government Grants	(8,917)	(5,020)	(5,103)	(18,975)	-	-	(38,015)
<b>Total Income</b>	<b>(22,271)</b>	<b>(16,133)</b>	<b>(20,861)</b>	<b>(29,661)</b>	<b>-</b>	<b>(22,627)</b>	<b>(111,553)</b>
Employee expenses	46,564	15,128	13,089	8,629	224	2,212	85,846
Other Service Expenditure	24,524	29,228	31,983	23,812	3,230	13,436	126,213
Support Service Expenditure	838	2,625	(3,932)	4,710	-	(2,638)	1,603
<b>Total Expenditure</b>	<b>71,926</b>	<b>46,981</b>	<b>41,140</b>	<b>37,151</b>	<b>3,454</b>	<b>13,010</b>	<b>213,662</b>
<b>Net Expenditure</b>	<b>49,655</b>	<b>30,848</b>	<b>20,279</b>	<b>7,490</b>	<b>3,454</b>	<b>(9,617)</b>	<b>102,109</b>

## Reconciliation of the Directorate Analysis to the amounts in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/16	2014/15
	£'000	£'000
<b>Net expenditure in the Directorate analysis</b>	100,121	102,109
Net expenditure of services and support services not included in the analysis	42,089	29,034
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	22,698	2,944
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(21,104)	(6,968)
<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>	<b>143,804</b>	<b>127,119</b>

## Reconciliation of the Directorate Analysis to the Deficit on the provision of services within the Comprehensive Income and Expenditure Account

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16

	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Allocation of recharge	Amounts not included in CIES	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(54,051)	-	-	26,755	-	(27,296)	-	(27,296)
Interest and investment income	-	-	-	-	-	-	(88)	(88)
Income from council tax	-	-	-	-	-	-	(33,485)	(33,485)
Government grants and contributions	(52,056)	-	-	-	-	(52,056)	(105,196)	(157,252)
<b>Total Income</b>	<b>(106,107)</b>	<b>-</b>	<b>-</b>	<b>26,755</b>	<b>-</b>	<b>(79,352)</b>	<b>(138,769)</b>	<b>(218,121)</b>
Employee expenses	87,491	216	1,529	-	(1,529)	87,707	-	87,707
Other service expenses	117,154	19,575	21,169	(25,172)	(19,575)	113,151	4,038	117,189
Support Service recharges	1,583	-	-	(1,583)	-	-	-	-
Depreciation, amortisation and impairment and other capital charges	-	22,298	-	-	-	22,298	-	22,298
Interest Payments	-	-	-	-	-	-	5,985	5,985
Precepts & Levies	-	-	-	-	-	-	11,370	11,370
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(2,416)	(2,416)
<b>Total expenditure</b>	<b>206,228</b>	<b>42,089</b>	<b>22,698</b>	<b>(26,755)</b>	<b>(21,104)</b>	<b>223,156</b>	<b>18,977</b>	<b>242,133</b>
<b>Surplus or deficit on the provision of services</b>	<b>100,121</b>	<b>42,089</b>	<b>22,698</b>	<b>-</b>	<b>(21,104)</b>	<b>143,804</b>	<b>(119,792)</b>	<b>24,012</b>

2014/15

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	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Allocation of recharge	Amounts not included in CIES	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(73,538)	-	10,506	34,176	-	(28,856)	-	(28,856)
Interest and investment income	-	-	-	-	-	-	(91)	(91)
Income from council tax	-	-	-	-	-	-	(31,901)	(31,901)
Government grants and contributions	(38,015)	319	(10,506)	-	-	(48,202)	(105,839)	(154,041)
<b>Total Income</b>	<b>(111,553)</b>	<b>319</b>	<b>-</b>	<b>34,176</b>	<b>-</b>	<b>(77,058)</b>	<b>(137,831)</b>	<b>(214,889)</b>
Employee expenses	85,846	-	2,944	-	-	88,790	-	88,790
Other service expenses	126,213	7,534	-	(32,573)	(6,968)	94,206	4,453	98,659
Support Service recharges	1,603	-	-	(1,603)	-	-	-	-
Depreciation, amortisation and impairment and other capital charges	-	21,181	-	-	-	21,181	1,272	22,453
Interest Payments	-	-	-	-	-	-	5,117	5,117
Precepts & Levies	-	-	-	-	-	-	11,045	11,045
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(1,335)	(1,335)
<b>Total expenditure</b>	<b>213,662</b>	<b>28,715</b>	<b>2,944</b>	<b>(34,176)</b>	<b>(6,968)</b>	<b>204,177</b>	<b>20,552</b>	<b>224,729</b>
<b>Surplus or deficit on the provision of services</b>	<b>102,109</b>	<b>29,034</b>	<b>2,944</b>	<b>-</b>	<b>(6,968)</b>	<b>127,119</b>	<b>(117,279)</b>	<b>9,840</b>



## NOTE 32 – TRADING OPERATIONS

The Council has no Trading Operations.

## NOTE 33 - MEMBERS' ALLOWANCES

A total of £0.677m (£0.683m in 2014/15) was paid in respect of allowances to Council Members during the year as follows:-

	2015/16	2014/15
	£'000	£'000
Basic and Special responsibility allowances	548	555
Chairman and Deputy Chairman's Allowance	6	6
Pension Costs	57	55
National Insurance Costs	38	39
Travel Costs	12	16
Subsistence	4	-
Miscellaneous	11	12
<b>Total</b>	<b>677</b>	<b>683</b>

In addition, the Council spent £8,814 on expenses for lay members. (£13,329 in 2014/15)

## NOTE 34 – OFFICERS' REMUNERATION

The number of employees whose actual remuneration paid was more than £60,000 but not more than £150,000 in 2015/16, excluding pension contributions but including severance pay, is as follows:-

Officer Remuneration	Including	Including	Excluding	Excluding
	Severance Pay	Severance Pay	Severance Pay	Severance Pay
	2015/16	2014/15	2015/16	2014/15
	Number of	Number of	Number of	Number of
	Employees	Employees	Employees	Employees
£60,000 to £65,000	5	6	5	5
£65,001 to £70,000	3	3	2	3
£70,001 to £75,000	3	3	3	3
£75,001 to £80,000	-	1	2	1
£80,001 to £85,000	-	1	-	1
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	1	-	1	-
£95,001 to £115,000	-	-	-	-
£115,001 to £135,000	1	-	-	-
£135,001 to £155,000	-	-	-	-
Over £155,000	1	-	-	-
<b>Total</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>

The following table provides details of remuneration paid to senior employees who are employed on a permanent basis and whose annual salaries and other benefits exceed £60,000 per annum. Senior employees whose remuneration exceeds £150,000 per annum are also named individually to comply with statutory requirements:-

**2015/16**

Senior Officer Remuneration 15/16	Salary, Fees and Allowances £'000	Expenses Allowances £'000	Compensation for loss of Office £'000	Pension Contribution £'000	Total £'000
Chief Executive - Left 31/05/2015	24	-	-	4	28
Chief Executive - Commenced 01/06/2015	92	1	-	17	110
Assistant Chief Executive - Commenced 01/01/2016	22	-	-	4	26
Assistant Chief Executive - Commenced 02/11/2015	35	7	-	7	49
Director- Community - Left 31/12/2015	75	-	48	14	137
Director - Sustainable Development (Arthur Owen) - Left 31/12/2015	78	-	87	14	179
Head of Function - Legal & Admin	74	-	-	14	88
Head of Function - Resources - Commenced 26/10/2015	35	1	-	7	43
Director - Lifelong Learning - Left 31/05/2015	17	-	-	3	20
Head of Profession - HR	61	-	-	11	72
Head of Service (Housing)	65	1	-	12	78
Head of Service (Economic)	63	1	-	12	76
Head of Service (Learning)	72	2	-	13	87
Head of Service (Children's)	63	1	-	12	76
Head of Service (Adults)	71	-	-	13	84
Head of Service (Planning )	63	-	-	12	75
Head of Service (Environment)	65	1	-	12	78
<b>Total</b>	<b>975</b>	<b>15</b>	<b>135</b>	<b>181</b>	<b>1,306</b>

Comparative figures for 2014/15 are shown in the following table:-

Senior Officer Remuneration 14/15	Salary, Fees and Allowances £'000	Expenses Allowances £'000	Compensation for loss of Office £'000	Pension Contribution £'000	Total £'000
Chief Executive (Richard Parry Jones) *	144	1	-	26	171
Deputy Chief Executive	114	-	-	21	135
Director (Lifelong Learning)	99	2	-	18	119
Director (Sustainable Development)	99	1	-	18	118
Head of Function (Resources) (Left 16 July 2014)	23	-	19	4	46
Director (Community)	99	1	-	18	118
Head Of Function – Legal & Administration	72	-	-	14	86
Head of Human Resources	63	1	-	12	76
Head of Service (Housing)	64	1	-	12	77
<b>Total</b>	<b>777</b>	<b>7</b>	<b>19</b>	<b>143</b>	<b>946</b>

\* Note: Within the Chief Executive's salaries, fees and allowances a Returning Officer payment of £2,840 is included.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2015/16 is 6.47:1.(7.6:1 in 2014/15).

#### NOTE 35 - TERMINATION PAYMENTS

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:-

EXIT 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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16 £000	2014/15 £000
£0 - £20,000	24	9	23	12	47	21	378	142
£20,001 - £40,000	1	-	14	9	15	9	428	232
£40,001 - £60,000	-	-	6	2	6	2	276	94
£60,001 - £80,000	-	-	2	-	2	-	127	-
£80,001 - £100,000	1	-	-	-	1	-	89	-
£100,001 - £250,000	1	-	1	-	2	-	234	-
<b>Total</b>	<b>27</b>	<b>9</b>	<b>46</b>	<b>23</b>	<b>73</b>	<b>32</b>	<b>1,532</b>	<b>468</b>

## NOTE 36 – EXTERNAL AUDIT FEES

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

	2015/16	2014/15
	£'000	£'000
Fees payable to Wales Audit Office with regard to external audit services carried out by the appointed auditor for the year	191	193
Fees payable to Wales Audit Office with regard to external audit services carried out by the appointed auditor for prior years	18	18
Fees payable to the Wales Audit Office in respect of statutory inspections	114	130
Fees payable to PricewaterhouseCoopers LLP for the certification of grant claims and returns for the year	106	119
Fees payable to Wales Audit Office in respect of other services	-	7
Fees payable to PricewaterhouseCoopers LLP for other work as appointed auditor	-	4
<b>Total</b>	<b>429</b>	<b>471</b>

## NOTE 37 – GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16 as follows:-

	Note	2015/16	2014/15
		£'000	£'000
<b>Credited to Taxation and Non-Specific Grant Income</b>			
Council Tax Reduction Scheme Grant	14	5,228	5,237
Revenue Support Grant (Non-ring-fenced Government Grants)	14	67,267	68,827
Capital Grants and Contributions (Capital Grants and Contributions)	14	8,848	5,718
Grant - Major Repairs Allowance (Capital Grants and Contributions)	14	2,656	2,650
Other (Non-ringfenced Government Grants)	14	725	720
<b>Total</b>		<b>84,724</b>	<b>83,152</b>
<b>Credited to Services</b>			
<b>Grants:</b>			
Post-16 Grant (Education)		2,616	2,711
Foundation Phase Grants (Education)		1,935	2,369
Concessionary Fares Grant		735	726
Housing Benefit Subsidy		18,694	18,186
Supporting People Grant (SPG & SPRG)		2,644	2,887
Sustainable Waste Management		1,713	1,713
<b>Total</b>		<b>28,337</b>	<b>28,591</b>
<b>Other Grants:</b>			
Central Services		77	76
Cultural and Related Services		516	454
Children and Education Services		3,379	4,080
Highways and Transport Services		1,532	1,210
Other Housing Services		1,284	1,172
Adult Social Care Grants		779	480
Planning and Development		756	1,297
Environmental Services		40	90
Corporate and Democratic Core		498	565
<b>Total</b>		<b>8,861</b>	<b>9,424</b>
<b>Contributions:</b>			
		<b>11,939</b>	<b>10,506</b>
<b>Total</b>		<b>133,861</b>	<b>131,674</b>

## Capital Grants Received in Advance

	2015/16	2014/15
	£'000	£'000
Opening balance	380	288
Add: new capital grants received in advance (condition of use not met)	11,555	9,135
Capital Grants repaid	(43)	(193)
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	(10,590)	(8,850)
<b>Closing Balance</b>	<b>1,302</b>	<b>380</b>

### NOTE 38 – RELATED PARTIES

The Council appoints members to certain public, charitable and voluntary bodies. During 2015/16, a total of £4.546m was paid in grants for the purchase of services from these bodies (£4.556m 2014/15). The Council has assessed the materiality of individual transactions arising through related parties and the following disclosures are concerned with transactions between the Council and the related party that have a value in excess of £0.02m:-

The Council is a member of the Welsh Local Government Association, to which subscriptions of £0.079m were paid in 2015/16 (£0.066m 2014/15).

Members have declared interests in contracts or in organisations which may have dealings with the Council in the Statutory Register of Members' Interests. A total of £nil was paid by the Council in 2015/16 in relation to these interests (£0.008m 2014/15).

The Welsh Government is a key related-party as the Welsh Government has considerable influence on the Authority through legislation and grant funding. The Authority also acts as an agent for the Welsh Government in the collection and payment to Welsh Government of the National Non-Domestic Rates from businesses on the Isle of Anglesey. Material transactions between the Authority and the Welsh Government are disclosed throughout the accounts as relevant.

Betsi Cadwalader University Health Board, through common control by central Government, is a related party to the Council. Payments made by the Council for 2015/16 to BCUHB amounted to £1.256m (£1.322m 2014/15) and no further amounts were owed at year-end. Receipts taken in by the Council from BCUHB came to £1.049m (£2.799m 2014/15), with £0.872m (£0.803m 2014/15) due from our related party at year-end.

There are a number of organisations which are independent from the Council but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected Councillors, sit on the various committees and forums that are responsible for them. A list of the outside bodies and the Council's representation can be found in Appendix 1.

### INTERESTS IN COMPANIES

The Council has an interest in two companies and, in each case, the other member is Gwynedd Council but it does not have significant influence over these companies:-

### **Cwmni Gwastraff Môn-Arfon Cyf**

Cwmni Gwastraff Môn-Arfon Cyf is a Local Council Waste Disposal Company established jointly by predecessors of the Anglesey and Gwynedd Councils in 1994. The company operated two waste management sites in Anglesey and Gwynedd which were leased from the Local Authorities. Most of the company's activity related to contracts with the two Local Authorities.

Following a change in legislation, the two Councils decided to close the company down during 2007/08 and to undertake the work in-house. The relevant operational assets and liabilities and the staff transferred to the Council in 2008, together with a balancing amount in cash. The investment has been revalued each year and most of the shareholders' funds have been returned to the two Councils. The remaining interest in the company at 31 March 2016 is not material to the accounts of the Council.

### **Cwmni Cynnal Cyf**

This company was established jointly by Ynys Môn and Gwynedd Councils on local government reorganisation. It provides education support services under contract to maintained schools and to the local education authorities and schools inspection services to Estyn. The income of the company can only be applied towards the promotion of its objectives. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to one pound.

The company accounts for 2014/15 show a net loss of £0.09m (£0.072m 2013/14). The turnover for 2014/15 was £3.013m (£3.429m 2013/14). The company's published accounts show net liabilities of £0.508m as at 31 March 2015 (net assets were £0.499m at 31 March 2014).

Copies of the financial statements are available from Cwmni Cynnal Cyf, Plas Llanwnda, Caernarfon, Gwynedd. The auditor's report on the accounts for the financial year ended 31 March 2015 is not qualified. During 2015/16 financial year, the Council accounted for costs of £1.128m (£1.133m 2014/15) relating to the purchase of services from the company.

The Council has interests in the following companies as follows:-

### **Welsh Joint Education Committee - WJEC CBAC Limited**

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

During the 2015/16 financial year, the Council accounted for £0.449m (£0.379m 2014/15) for purchase of services from the company.

The Company accounts for 2014/15 (that is to year ended 30 September) show a net positive movement in funds of £5.281m (net positive movement in funds of £4.23m 2013/14). The turnover for 2014/15 was £40.704m (£39.31m 2013/14) and net assets amounted to £32.04m as at 30 September 2015 (£26.76m as at 30 September 2014).

Copies of the company's accounts can be obtained from WJEC CBAC Limited, 245 Western Avenue, Llandaff, Cardiff, CF5 2YX. The auditor's report for the financial year ended 30 September 2015 is not qualified.

### **Menter Môn Cyfyngedig**

The Council is a member of Menter Môn Cyf, and was one out of a total of three members at 31 March 2016. The company's objectives are to promote economic growth in rural Anglesey. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to one pound.

During the 2015/16 financial year, the Council made payments of £0.133m to the company in support of the activities (£0.255m 2014/15).

The company accounts for the financial year ended 31 December 2014 shows net income before tax of £0.003m (net income after tax of £0.223m in 2013/14). The turnover for 2014 was £5.782m (£6.717m in 2013) and net assets amounted to £0.535m as at 31 December 2014 (£0.631m in 2013).

Copies of the company's accounts can be obtained from Menter Môn, Llangefni Town Hall, Buckley Square, Llangefni, Anglesey, LL77 7LR. The auditor's report on the accounts for the financial year ended 31 December 2014 is not qualified.

### **Caergeiliog Foundation School**

Balances for current assets and liabilities controlled by Caergeiliog Foundation School are included in these accounts, and so the school's reserves, as stated in this Balance Sheet, represent only the net current assets. The school also has non-current assets that are stated on the school's Balance Sheet at £0.613m at 31 March 2016 (£0.627m at 31 March 2015) on a combination of valuation and historical cost, less depreciation. The non-current assets are vested in the school's Governing Body and are not consolidated in this Council's Balance Sheet.

### **NOTE 39 - TRUST FUNDS**

The Council acts as trustee for a number of trust funds. Their accounts are available from the Accountancy Section. Besides the legacies left for purposes such as prize funds at schools and comforts and improvements in Social Services establishments, the Council is also responsible for the following Trust funds:-

#### **The Isle of Anglesey Charitable Trust (Reg. No. 1000818)**

The Council is the sole trustee of the Isle of Anglesey Charitable Trust, which was established to administer investments purchased from monies received from Shell U.K. Limited when the company ceased operating an oil terminal on Anglesey. The objectives of the Charitable Trust are to provide amenities and facilities for the general public benefit of persons resident in the Isle of Anglesey. This is achieved by contributing towards spending on public services and by making grants to charitable and voluntary organisations.

In 2015/16, the Council received £0.215m (£0.215m in 2014/15) from the Trust towards the running costs of Oriel Ynys Môn.

#### **Welsh Church Fund**

The investments of this fund are currently being administered by Gwynedd Council on behalf of the successor authorities of Gwynedd County Council, although there are plans to transfer them to this Council. The scheme for the administration of the fund provides that the income is to be applied to charitable purposes - educational, recreational and social - at the discretion of the Council. In the future, Anglesey's share of the Welsh Church Fund will be transferred to the Isle of Anglesey County Council to administer.

### **Anglesey Further Education Trust Fund (Req. No. 525254)**

75% of net income from the David Hughes Charity Estate forms part of the Anglesey Further Educational Trust Fund, of which the Council is Trustee. The income is used for specified educational purposes. The other 25% is paid to the "David Hughes Charity for the Poor", which is not administered by the Council.

On 31 March 2016, the balances of these Trust funds (at market value of the assets) are:-

<b>Pre Audited Statement Summary</b>	<b>2015/16 Income £'000</b>	<b>2015/16 Expenditure £'000</b>	<b>2015/16 Assets £'000</b>	<b>2015/16 Liabilities £'000</b>
Isle of Anglesey Charitable Trust	527	894	20,110	914
Welsh Church Fund	6	11	957	20
Anglesey Further Education Trust	94	118	3,235	4

<b>Audited Statement Summary</b>	<b>2014/15 Income £'000</b>	<b>2014/15 Expenditure £'000</b>	<b>2014/15 Assets £'000</b>	<b>2014/15 Liabilities £'000</b>
Isle of Anglesey Charitable Trust	537	795	20,793	763
Welsh Church Fund	5	15	934	12
Anglesey Further Education Trust	95	80	3,267	22

Please note that previously unrealised gains on the valuation of assets had been included in the income column for the Isle of Anglesey Charitable Trust. However, this has been excluded for 2015/16 as these gains are not income in the traditional sense and the inclusion of unrealised gains within income distorts the amount of operational income received by the charity. The unrealised gains are reflected within assets as the value of the charity's assets would have been increased by the gain. The audited statement summary for 2014/15 has, therefore, been restated above. In the accounts for 2014/15, income for the Isle of Anglesey Charitable Trust was reported as £1.962m, however, £1.425m of this related to unrealised gains on revaluation of investments which can vary day-to-day. Similarly, in 2014/15 the income for the Welsh Church Fund included £130k of realised gains which should not have been reported as income. The 2014/15 income for the Welsh Church Fund has been restated above as £5k.

The total value of the other funds, including investments at market value, is £0.244m as at 31 March 2016 (£ 0.245m as at 31 March 2015).

During 2015/16, the Head of Function (Resources)/S151 Officer had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it and separate financial statements are produced, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners. The charities are managed and expenditure is approved in accordance with criteria set out in the governing document of each one. Trust Fund balances are not included as these represent assets held in trust for third parties rather than in ownership of the Council. A summary performance of the larger Charitable Trusts is shown in the table above.



## **NOTE 40 – TEACHERS’ PENSION SCHEME**

Teachers employed by the Council are members of the Teachers’ Pension Scheme, administered by the 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 underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2015/16, the Council paid £3.502m to Teachers’ Pensions in respect of teachers’ retirement benefits, representing 14.79% of pensionable pay (£3.153m and 14.1% 2014/15). In addition, payments relating to enhancements for early retirement etc. made on a pay-as-you-go basis amounted to £nil (£nil 2014/15). There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers’ scheme. These costs are accounted for on a defined benefits basis and detailed in Note 41 below.

## **NOTE 41 – LOCAL GOVERNMENT DEFINED BENEFIT PENSION SCHEME**

### **Retirement Benefits**

#### **Participation in the Local Government Pension Scheme**

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

The Council participates in the Gwynedd Pension Fund administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets.

#### **a) Transactions Relating to Post-Employment Benefits**

The cost of retirement benefits is recognised in the reported cost of services when the employees earn them, rather than when they are eventually paid as pensions. However, the charge made 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 through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:-

	2015/16 £'000	2014/15 £'000
<b>Service cost comprising:</b>		
Current service cost	10,132	7,775
Losses on settlements or curtailments	96	224
<b>Total Service cost</b>	<b>10,228</b>	<b>7,999</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest cost on defined benefit obligation	11,255	12,502
Interest Income on scheme Assets	(7,217)	(8,599)
<b>Total Post employment benefits charged to the Surplus or deficit on Provision of Service</b>	<b>14,266</b>	<b>11,902</b>
Return on Plan Assets (excluding amounts included in net interest expense)	1,532	(16,041)
Actuarial gains and losses arising on changes in financial assumptions	(33,606)	48,780
Other	(3,864)	(1,565)
<b>Total re-measurement of net defined benefit liability comprising</b>	<b>(35,938)</b>	<b>31,174</b>
<b>Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(21,672)</b>	<b>43,076</b>
Reversal of net charges made for retirement benefits in accordance with the code	5,482	3,152
<b>Actual amount charged against the Council Fund balance for pensions in the year:</b>		
Employers' contributions payable to scheme	8,784	8,750
<b>Total Post employment benefits charged to the Surplus or deficit on provision of Services</b>	<b>14,266</b>	<b>11,902</b>

**b) Pension Assets and Liabilities recognised in the Balance Sheet**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the Scheme as at 31 March 2016.

Amounts included in the Balances sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31-Mar-16 £'000	31-Mar-15 £'000
Present Value of Scheme Assets	231,770	224,961
Present Value of Scheme Liabilities	(326,792)	(350,438)
<b>Net liability arising from defined obligation</b>	<b>(95,022)</b>	<b>(125,477)</b>

## Reconciliation of Present Value of the Scheme liabilities

	2015/16	2014/15
	£'000	£'000
<b>Balance as at 1 April</b>	<b>350,438</b>	<b>290,788</b>
Current service cost	10,132	7,775
Interest cost	11,255	12,502
Contributions from scheme participants	2,175	2,095
<b>Remeasurement (gains) and losses</b>	<b>(37,470)</b>	<b>47,215</b>
Past service costs	96	225
	-	-
Estimated unfunded benefits paid	(1,027)	(1,054)
Estimated benefits paid	(8,807)	(9,108)
<b>Balance as at 31 March</b>	<b>326,792</b>	<b>350,438</b>

## Reconciliation of present value of the scheme assets:-

	2015/16	2014/15
	£'000	£'000
<b>Opening Fair Value of Scheme Plan Assets as at 1 April</b>	<b>224,961</b>	<b>199,636</b>
Interest Income	7,217	8,601
	-	-
Return on planned assets (excl. net interest expense)	(1,532)	16,041
Contributions by members	2,174	2,095
Contributions by employer	7,757	7,696
Contributions in respect of unfunded benefits	1,027	1,054
Unfunded benefits paid	(1,027)	(1,054)
Benefits paid	(8,807)	(9,108)
<b>Balance as at 31 March</b>	<b>231,770</b>	<b>224,961</b>

**c) Fair Value of Plan Assets**

The Council Pension Scheme assets comprise:-

Major categories of the fund's assets at quoted prices as at 31 March 2016.

	2015/16		2014/15	
	Prices Quoted in Active Markets	Prices not quoted in Active Markets	Prices Quoted in Active Markets	Prices not quoted in Active Markets
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,138		4,059	
Equity investment (by industry type)				
Consumer	7,371		6,230	
Financial Institutions	3,778		3,508	
Energy and utilities	1,270		4,633	
Health and care	13,363		9,365	
Information technology	7,670		6,540	
Other	9,234		11,403	
Debt Securities		30,975		-
Private Equity investments		9,418		9,514
Equities	47,045	68,204	51,353	63,910
Bonds		-		31,154
Infrastructure		1,929		1,061
Real Estate				
UK Property	4,423	19,514		21,580
Overseas property		438		651
<b>Total Value – All Assets</b>	<b>101,292</b>	<b>130,478</b>	<b>97,091</b>	<b>127,870</b>
<b>Total Value of Active and Non-Active Assets</b>		<b>231,770</b>		<b>224,961</b>

## Major categories of plan assets as percentage of total plan assets

The Gwynedd Pension Fund's assets consist of the following categories, by proportion of the total assets held:-

	31-Mar-16	31-Mar-15
Cash and cash equivalents	3%	2%
<b>Equity investment (by industry type)</b>		
Consumer	3%	3%
Energy and utilities	1%	2%
Financial institutions	2%	2%
Health and care	6%	4%
Information technology	3%	3%
Other	4%	5%
<b>Private equity</b>	4%	4%
<b>Debt Securities - Other</b>	13%	-
<b>Investment Funds and Unit Trust</b>		
Equities	50%	51%
Bonds	0%	14%
Infrastructure	1%	0%
<b>Real Estate</b>		
Property	10%	10%
Overseas property	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>

## ch. Scheme History

Analysis of scheme assets and liabilities

	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
	£'000	£'000	£'000	£'000	£'000
Fair Value of Assets in pension scheme	231,770	224,961	199,636	190,773	167,224
Present Value of Defined Benefit Obligation	(326,792)	(350,438)	(290,788)	(270,807)	(230,971)
<b>Deficit in the Scheme</b>	<b>(95,022)</b>	<b>(125,477)</b>	<b>(91,152)</b>	<b>(80,034)</b>	<b>(63,747)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The present value of defined benefit obligations of £326.8m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £95m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Gwynedd Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

d) **The Significant Assumptions used by the actuary have been:-**

	2015/16	2014/15
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>		
Men	22.0 years	22.0 years
Women	24.0 years	24.0 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4 years	24.4 years
Women	26.6 years	26.6 years
Inflation/Pension Increase Rate	2.20%	2.40%
Salary Increase Rate	4.20%	4.30%
Expected Return on Assets	2.50%	12.30%
Rate for discounting scheme liabilities	3.50%	3.20%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2008	50.00%	50.00%
Service post April 2008	75.00%	75.00%

dd) **Sensitivity Analysis**

The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change in assumption that all the other assumptions remain constant. The sensitivity analysis shows that the impact of a 0.5% decrease in the real discount rate due to potential market changes could increase the fund's liabilities by £36.2m as a higher value is placed on benefits paid in the future. There is also uncertainty around life expectancy. The sensitivity analysis shows that a one year increase in members' life expectancy might increase the fund's liabilities by £9.8m. A 0.5% increase in the salary increase rate could increase the fund's costs by £12.7m. A 0.5% increase in the pensions' rate could increase liabilities by £22.7m. The estimations in the sensitivity analysis have been calculated in accordance with professional actuarial assumptions, IAS19 and FRS102.

Change in assumptions as at 31 March 2016	Approximate % increase to employer	Approximate Monetary Amount £'000
0.5% decrease in real discount rate	11%	36,217
1 year increase in members' life expectancy	3%	9,804
0.5% increase in the salary increase rate	4%	12,720
0.5% increase in pension increase rate	7%	22,696

e) **Impact on the Authority's Cash Flows**

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed by 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013.

Under the Act, the LGPS in England and Wales, and other main existing public service schemes, may not provide benefits in relation to service after 31 March 2014 (or Service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for schemes' regulation to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The liabilities show underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability of £95.02m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due) as assessed by the scheme actuary; finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

**f) Estimated contributions to be paid to Gwynedd Pension Fund in 2016/17**

The Council anticipates paying £7.9m contributions to the scheme in 2016/17. The weighted average duration of the defined benefit obligation for scheme members is 19.4 years.

The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2015/16 as at 31 March 2016 is £0.977m and is included in the short-term creditors' disclosure note.

**NOTE 42 – CONTINGENT LIABILITIES**

**Equal Pay, Single Status and Job Evaluation**

The Council is the subject of a number of equal pay claims from current and former employees. Some of these claims may be settled but the final amount payable is uncertain because of possible variations in settlement amounts for current claims and because of the possibility that some further claims may yet be lodged.

**Section 117 Mental Health Act 1983**

Following judgements confirmed at the House of Lords and a report by the Local Government Ombudsman on test cases elsewhere, there was no power to charge for services provided under Section 117 of the Mental Health Act 1983 and the Council is liable to repay any such charges. Whilst a number of cases have been settled, the total potential liability is difficult to quantify. Whilst there is a sum set aside in an earmarked reserve for such repayments, it is unclear at this stage as to total liability.

## Property Search Claims

“A group of property search companies sought to claim refunds of fees paid to the Council to access land charges data. The parties have reached agreement on the claims. The Council has agreed to pay the property search companies legal costs to be subject to detailed assessment by way of costs only if proceedings are not agreed. The Council is in discussions with the claimants about the costs aspect of the claim. At present it is not possible to put a final value on these potential liabilities and so the Council, therefore, considers this to be a contingent liability”.

(1) <sup>1</sup>Bevan Brittan LLP, 2015, General advice regarding authorities' published accounts and the property searches claims, London

## NOTE 43 – CONTINGENT ASSETS

The Council retains a number of legal charges over privately owned residential properties, where it provided support to the buyers under schemes for assisted home purchase, with the Council being entitled to a share of proceeds on the sale of the properties. At 31 March 2016, there were 108 such properties and it was estimated that the maximum amount that might potentially be received was approximately £3.795m. However, the actual amount that will be received will vary, dependent upon both the selling prices of individual properties and the nature of any other legal charges against them which may take precedence over the Council's. The timing of any receipts is dependent upon the occurrence of sales.

## NOTE 44 – FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet:-

	Long-Term		Current	
	31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
	£'000	£'000	£'000	£'000
<b>Cash balances</b>				
Bank deposits	-	-	17,844	13,208
<b>Total cash and investments</b>	<b>-</b>	<b>-</b>	<b>17,844</b>	<b>13,208</b>
<b>Debtors</b>				
Loans and Receivables	688	430	8,113	5,082
<b>Total Debtors</b>	<b>688</b>	<b>430</b>	<b>8,113</b>	<b>5,082</b>
<b>Borrowings</b>				
Financial Liabilities at Amortised Cost	110,735	89,575	9	1,725
<b>Total Borrowings</b>	<b>110,735</b>	<b>89,575</b>	<b>9</b>	<b>1,725</b>
<b>Creditors</b>				
Financial Liabilities at Amortised Cost	-	-	15,700	10,289
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>15,700</b>	<b>10,289</b>

Debtors and creditors within this table exclude transactions with government departments, the notional accrual of the value of accumulated absences due to staff, and income and payments arising from taxation, which also means that transactions involving Council Tax and business rates are excluded.



## Income, Expenses, Gains and Losses.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:-

	2015/16			2014/15		
	Financial Liabilities Measured at cost less accumulated amortisation	Financial assets Loans and receivables	Total	Financial Liabilities Measured at cost less accumulated amortisation	Financial assets Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	5,985	-	5,985	5,117	-	5,117
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>5,985</b>	<b>-</b>	<b>5,985</b>	<b>5,117</b>	<b>-</b>	<b>5,117</b>
Interest income	-	(88)	(88)	-	(91)	(91)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(88)</b>	<b>(88)</b>	<b>-</b>	<b>(91)</b>	<b>(91)</b>
<b>Net gain/(loss) for the year</b>	<b>5,985</b>	<b>(88)</b>	<b>5,897</b>	<b>5,117</b>	<b>(91)</b>	<b>5,026</b>

## Fair Values of Assets and Liabilities

Financial liabilities, represented by borrowing, and creditors, and financial assets, represented by loans and receivables, and long-term debtors, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:-

- Estimated ranges of interest rates at 31 March 2016 of 1.33% to 3.12% for loans from the Public Works Loans Board (PWLB) based on new lending rates for equivalent loans at that date;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next twelve months, carrying amount is assumed to be approximate to fair value;
- The fair value of short-term debtors and creditors is deemed to be equivalent to their carrying amount at the Balance Sheet date.

## Analysis of Loans by Maturity:-

	2015/16			2014/15		
	Outstanding Principal	Accrued Interest	Cost less accumulated amortisation	Outstanding Principal	Accrued Interest	Cost less accumulated amortisation
	£'000	£'000	£'000	£'000	£'000	£'000
>25 years	66,508	-	66,508	55,515	-	55,515
15-25 years	14,056	-	14,056	6,312	-	6,312
10-15 years	5,905	-	5,905	3,494	-	3,494
5-10 years	4,222	-	4,222	8,714	-	8,714
2-5 years	14,534	-	14,534	15,531	-	15,531
1-2 years	5,510	-	5,510	9	-	9
<b>Total Long-Term Borrowing</b>	<b>110,735</b>	<b>-</b>	<b>110,735</b>	<b>89,575</b>	<b>-</b>	<b>89,575</b>
<b>Total Short-Term Borrowing (&lt; 1 year)</b>	<b>9</b>	<b>2,119</b>	<b>2,128</b>	<b>7</b>	<b>1,681</b>	<b>1,688</b>

The fair values calculated are as follows:-

	31-Mar-16		31-Mar-15	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities	110,744	181,649	90,386	130,719
Long-term creditors	-	-	55	55

	31-Mar-16		31-Mar-15	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash on deposit	17,844	17,878	13,638	13,663

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay, if the lender requested, or agreed to, early repayment of loans.

The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above current market rates.

#### **NOTE 45 - THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council's activities expose it to a variety of financial risks:-

**Credit Risk** – the possibility that other parties might fail to pay amounts due to the Council.

**Liquidity Risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.

**Market Risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The overall management of significant risks arising from Financial Instruments is supported by the Council's Treasury Management Strategy Statement and Annual Investment Strategy which is approved by Full Council.

#### **Credit Risk**

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers (debtors on the Balance Sheet).

Deposits are not made with banks and financial institutions unless, having been rated independently, they have attained a minimum credit rating or level of government guarantee, and credit limits are set for each counterparty. The Council has set a number of limits based on credit quality for different types of institutions, different periods and amounts and has a policy of not lending more than £10m to any one institution other than the UK government. It monitors credit ratings regularly and is alerted to changes by its Treasury Management consultants. Appropriate action is taken following any changes in accordance with the Annual Investment Strategy. An Annual Treasury Report is produced to report on investment activity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and collectability over the last two decades.

### Estimated Maximum Exposure to Default and Collectability

	Amount	Historical Experience of default	Estimated Maximum Exposure	Estimated Maximum Exposure
	£'000	%	2015/16 £'000	2014/15 £'000
Banks and financial institutions (Non-National)	16,243	-	-	-
UK Nationalised / Part Nationalised Banks	1	-	-	-
<b>UK Local Authorities</b>	-	-	-	-
<b>Trade Debtors under 1 year</b>	<b>2,054</b>	<b>10</b>	<b>205</b>	<b>75</b>
<b>Trade Debtors between 1-2 years</b>	<b>67</b>	<b>20</b>	<b>13</b>	<b>16</b>
<b>Trade Debtors between 3-6 years</b>	<b>179</b>	<b>30-70</b>	<b>125</b>	<b>24</b>
<b>Trade Debtors 6+ years</b>	<b>23</b>	<b>100</b>	<b>23</b>	<b>5</b>
<b>Total Trade Debtors</b>	<b>2,323</b>		<b>366</b>	<b>120</b>

All deposits outstanding at year-end were originally made for less than one year.

There were no material breaches of credit limits during the financial year and there were no breaches of the counterparty criteria. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The current credit crisis has raised the overall possibility of default and the Council has adopted stricter credit criteria for investment counterparties within its overall policy.

The EU referendum result to leave the European Union created an economic shock which impacted on markets and many aspects of the economy. The long-term outlook ratings for the UK banks as a whole were downgraded to a negative outlook. A collapse of the banking sector would undermine the deposits held in UK banks (£16.243m at 31/03/16). This is being monitored closely and reassuringly the credit ratings of the banks in which the authority holds deposits remain at an acceptable level in accordance with the Treasury Management Strategy. If the credit ratings fall below the acceptable level the authority would seek to place the balances in alternative investments which must be in accordance with the Treasury Management Strategy. The reduction in the official bank rate from 0.50% to 0.25% will for 2017/18 reduce the interest receivable on deposits.

Trade debtors shown in this section relate to debts to be collected only through the Council's sundry debtors system. The debtors figures shown in note 24 to the Statement refer to the full amount due to the Council from all sources, including government grants, Council Tax and business rates, which are collected separately from sundry debtors.

The Council does not generally allow credit for customers; it has prescribed collection procedures for amounts owed by its customers and appropriate provisions are made for potential bad debts. In some circumstances, the Council obtains a legal charge on property to cover deferred debts such as self-funding of residential care.

The Council's trade debtors can be analysed by age as follows:-

	31-Mar-16	31-Mar-15
	£'000	£'000
Less than six months	1,928	667
Six months to one year	125	85
More than one year	269	123
<b>Total</b>	<b>2,323</b>	<b>875</b>

The Council also has a number of longer-term debtors, including car loans to employees and residual mortgages from a closed scheme offering home loans to tenants and to members of the public. The car loans are considered to be low risk due to the ability to deduct repayments of car loans from employees' salaries, reciprocal arrangements with other local authorities for any staff transferring with outstanding car loans, insurance for loans unpaid due to death in service and normal debt recovery procedures for any employees who leave local government employment. The mortgages are low risk due to the first charge held by the Council on mortgaged properties.

### Liquidity Risk

Liquidity Risk is low as the Council had no difficulty in the past in obtaining finance and has ready access to the Public Works Loans Board (PWLB) as lender of last resort. The key aims of the Treasury Management Strategy are to ensure the authority is exposed to low risk and to ensure liquidity. The majority of authority's investments are in instance access deposit accounts. Therefore, there is a reduced risk that it will be unable to raise finance to meet its commitments under financial instruments. However, there often a risk that the Council will need to renew a significant proportion of its borrowings at a time of high interest rates. The practice is to ensure that not more than 20% of loans are repayable within any two year period and to continuously assess the market rates and forecasts in order to replace maturing loans or reschedule existing loans at the most beneficial time. The current low interest rates would reduce interest rates on new loans are taken out to repay the debt maturing. To assist in achieving this, the Council uses external treasury management advisors. The maturity analysis of outstanding loans is shown at note 44. Trade and other payables are due to be paid in less than one year.

### Market Risk

**Interest Rate Risk** – The Council faces potential 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 example, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise;
- Borrowings at fixed rates – the fair value of the borrowings' liabilities would fall;
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise;
- Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. 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 and affect the Council Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Council policy is to borrow mainly at fixed rates, thus obtaining certainty as to interest payable over the period of the loans. The Council, supported by its treasury advisors, continually monitors the prevailing interest rates and the market forecasts. If there was a significant risk of a sharp rise in long and short-term rates, then the portfolio position would be re-appraised with the likely outcome being that fixed rate funding would be drawn down whilst interest rates were still relatively cheap. If there was a significant risk of a sharp fall in long and short-term rates, then long-term borrowings would be postponed and any appropriate rescheduling from fixed rate funding into short rate funding would be undertaken.

All of the Council's current and long-term borrowing and bank deposits are held at fixed rates.

The EU referendum result has had a positive impact on the cost of borrowing following the Bank of England's reduction of the official bank interest rate from 0.50% to 0.25%.

**Foreign Exchange Risk** – The Council has a number of relatively small grant aided schemes under the 'Interreg' programme where the lead body is an Irish institution and grants are denominated in Euro. A Euro Bank account was opened to support these schemes and to limit the exposure to movements in exchange rates. The balance on this account at year-end was minimal at 437 Euros (£346) (1.541m Euro in 2014/15: equivalent to £1.116m in 2014/15).

#### **NOTE 46 - JOINT COMMITTEES**

The Council and Gwynedd Council are parties to joint committees as follows:-

- Joint Planning Committee
- Special Educational Needs Joint Committee

The Council and the Councils of Gwynedd, Conwy, Flintshire Wrexham and Denbighshire are parties to joint committee relating to GwE (Gwasanaeth Effeithiolrwydd a Gwella Ysgolion Rhanbarthol') (Regional School Effectiveness and Improvement Service').

The Council and the Councils of Flintshire, Conwy, Denbighshire and Gwynedd are parties relating to the North Wales Residual Waste Treatment Project Joint Committee (NWRWTP).

Gwynedd Council is responsible for the operation of the three joint committees and the year-end balances are reflected in their Balance Sheet. The 2015/16 accounts for these joint committees can be viewed by following the below links.

#### **Joint Planning Committee**

<https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Environment-and-planning/Planning-policy/Joint-Local-Development-Plan/Joint-Local-Development-Plan.aspx>

## Special Educational Needs Joint Committee

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Special-Educational-Needs-Joint-Committee.aspx>

## GwE

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/GwE-Joint-Committee.aspx>

Flintshire Council is responsible for the operation of the NWRWTP joint committee and the year-end balances are reflected in their Balance Sheet. Please see the accounts for this joint committee once published following the below link.

<http://www.nwrwtp.com/home>

## NOTE 47 – HOUSES INTO HOMES

The six North Wales Councils act as agents of the Welsh Government in providing recyclable loans under the Houses into Homes Scheme, for the repair of properties which have been long-term vacant with the aim of bringing them back into use. Flintshire County Council is the lead/banker Authority for the North Wales region and is responsible for administering the fund. There were no further funds received from the Welsh Government during 2015/16, but payments against the fund in 2014/15 totalled £0.426m, of which £0.075m was allocated to this Council.

## NOTE 48 – COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the North Wales Police for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax base for 2015/16 was £30,188.51 (£30,070.64 in 2014/15).

The amount for a band D property in 2015/16, £1,296.08 (£1,242.77 in 2014/15), is multiplied by the proportion specified for the particular band to give the amount due by band. Individual amounts due are calculated by applying discounts and benefits to the amount due by band.

Council Tax bills were based on the following multipliers for bands A to I:-

Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

The Council's Council Tax Base is calculated as follows:-

Band	A*	A	B	C	D	E	F	G	H	I	Total
Total Dwellings	15	3,970	5,927	5,910	6,523	4,966	2,358	972	144	42	30,827
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
Band "D" Equivalent	8.33	2,646.67	4,609.50	5,253.56	6,522.50	6,069.56	3,406.00	1,620.00	287.00	96.83	30,519.95

	2015/16	2014/15
Band D equivalent as above	30,519.95	30,400.28
Collection Rate	98.50%	98.50%
Revised Band D equivalent	30,062.15	29,944.28
MOD Properties – Band D equivalent	126.36	126.36
<b>Council Tax Base</b>	<b>30,188.51</b>	<b>30,070.64</b>

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. In 2015/16, Council Tax reductions awarded to residences were 98% funded by a Council Tax Reduction Scheme grant of £5.228m from Welsh Government (see note 14). The Council funded £0.115m (2%) of Council Tax reductions awarded to residents.

Analysis of the net proceeds from Council Tax:	2015/16	2014/15
	£'000	£'000
<b>Gross Council Tax</b>	<b>39,202</b>	<b>37,303</b>
Less Council Tax Reduction awarded to residences	(5,343)	(5,320)
<b>Council Tax collectable</b>	<b>33,859</b>	<b>31,983</b>
Less: provision for non-payment not previously accounted for	(374)	(164)
<b>Net Proceeds from Council Tax</b>	<b>33,485</b>	<b>31,819</b>

#### NOTE 49 - NATIONAL NON-DOMESTIC RATES (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate – 48.2p in 2015/16 (47.3p 2014/15), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government then redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

NNDR income, after reliefs and provisions (including Small Business Rates Relief provided by the Welsh Government), totalled £10.636m for 2015/16 (£13.034m in 2014/15) and was based on rateable value at the year-end of £38.990m (£38.897m in 2014/15).

The average rateable value for the year was £38.943m (£38.806m in 2014/15).

Analysis of the net proceeds from non-domestic rates:	2015/16	2014/15
	£'000	£'000
Non – domestic rates collectable	10,636	13,034
Cost of collection allowance	(145)	(142)
Interest paid on overpayments	-	-
Provision for bad debts	(198)	(220)
Contribution to cost of charitable relief/rural rate relief	57	57
<b>Payments into national pool</b>	<b>10,350</b>	<b>12,729</b>
Redistribution from national pool	20,472	22,124

## **NOTE 50 - MARITIME**

The Council, as a Harbour Authority is responsible for the following maritime services: Beaumaris, Fryars Bay Glyn Garth, Menai Bridge, Red Wharf Bay, Amlwch Harbour and Holyhead Fish Dock. The Statutory Harbour Undertakings (Accounts, etc.) Regulations 1983, no. 931 exempts harbour authorities with a turnover of less than £250,000 from the requirement to prepare separate harbour accounts under the Harbours Act 1964. The income and expenditure for these maritime services are, instead, included in these accounts under Highways, Roads and Transport in line with the CIPFA SeRCOP. The maritime accounts are, nevertheless, ring-fenced and any accrued deficit/surplus for these harbours is held within general fund for future investment in maritime services or to repay amounts owed to the Council Fund. In 2015/16, the turnover on maritime services was £40,862. Costs incurred during the year were £125,390 (which includes £58,671 of loan interest/capital repayment). The deficit balance on Maritime services at 31 March 2016 was £401,119. This is the amount owed to the Council general reserve from Maritime services.



**SUPPLEMENTARY FINANCIAL STATEMENT  
HOUSING REVENUE ACCOUNT**

**Income and Expenditure Statement for the year ended 31 March 2016**

	2015/16	2014/15
	£'000	£'000
<b>Income</b>		
Gross Rent Income:		
-Dwelling rents	(14,308)	(13,908)
-Non-dwelling rents	(211)	(206)
-Charges for facilities and services	(215)	(16)
-Contributions towards expenditure	(188)	(157)
Other	(166)	(148)
<b>Total Income</b>	<b>(15,088)</b>	<b>(14,435)</b>
<b>Expenditure</b>		
Repairs and Maintenance	3,751	3,564
Supervision and Management:		
-General	2,591	2,606
-Special	508	581
Rents, Rates and Taxes	103	123
Housing Revenue Account Subsidy payable	-	1,559
Depreciation and Impairment of Non-current Assets	9,268	8,394
Payment to Welsh Government - HRAS buyout	21,169	-
Revaluation of Assets	(134)	-
Debt Management Costs	12	12
Allowance for Bad Debts	54	66
<b>Total Expenditure</b>	<b>37,322</b>	<b>16,905</b>
<b>Net Cost of HRA Services</b>	<b>22,234</b>	<b>2,470</b>
Accumulated absences accrual movement	(9)	(6)
<b>Net Cost of HRA Services per Comprehensive Income and Expenditure Statement</b>	<b>22,225</b>	<b>2,464</b>
HRA Services Share of Corporate and Democratic Core	56	56
<b>Net Cost of HRA Services</b>	<b>22,281</b>	<b>2,520</b>
Profit on sale of HRA Non Current Assets	(509)	(286)
Interest Payable and Similar Charges	1,686	1,117
HRA Investment Income	(18)	(9)
Capital grants and contributions receivable	(2,919)	(2,650)
<b>Deficit for Year on HRA Services</b>	<b>20,521</b>	<b>692</b>

## Statement of Movements on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movements on HRA Balance for the year

	2015/16	2014/15
	£'000	£'000
Difference between amounts charged to income and expenditure for Amortisation of premiums and discounts determined in accordance with the Code and the charges for the year in accordance with statute	(38)	(31)
Depreciation and Impairment of Non-Current Assets	(9,268)	(8,394)
Accumulated absences accrual	9	6
Profit on sale of HRA Non-Current Assets (including derecognition)	509	286
Payment to Welsh Government - HRAS buyout	(21,169)	-
Revaluation of Assets	134	-
Net charges made for retirement benefits in accordance with IAS 19	-	-
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>	<b>(29,823)</b>	<b>(8,133)</b>
Transfer to reserves	2,919	2,650
HRA Minimum Revenue Provision	453	1,009
Employer's contributions payable to the Gwynedd Pension Fund and retirement benefits payable direct to pensioners	-	-
Capital expenditure funded by the HRA	2,725	2,632
	<b>6,097</b>	<b>6,291</b>
<b>Net additional amount required by statute to be credited to the HRA Balance for the year</b>	<b>(23,726)</b>	<b>(1,842)</b>

## Note to the Statement of Movement on the HRA balance

	2015/16	2014/15
	£'000	£'000
Deficit for Year on HRA services	20,521	692
Net additional amount required by statute to be credited to the HRA	(23,726)	(1,842)
<b>Increase in HRA Balance</b>	<b>(3,205)</b>	<b>(1,150)</b>
Transfer from HRA Specific Reserves	(1,016)	-
HRA Account Balance B/Fwd	(2,821)	(1,671)
<b>HRA Account Balance C/Fwd</b>	<b>(7,042)</b>	<b>(2,821)</b>

## **NOTES TO THE HOUSING REVENUE ACCOUNT**

### **NOTE 1 – HOUSING REVENUE ACCOUNT**

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local Council housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the Council Fund) are limited to special circumstances.

### **NOTE 2 – HOUSING STOCK**

During 2015/16, the Council sold ten dwellings under the Right-to-Buy Scheme (see note 5). Following the buyout from the Housing Subsidy scheme (see note 6), the Council has a policy of purchasing suitable former Council dwellings and returning them to Council housing stock. During 2015/16, eight such properties were purchased. Following a review of the housing stock, seven properties were re-classified as being non-operational. As at 31 March 2016, the number of dwellings totalled 3,788, with the split by type of dwelling made up as follows:-

	<b>31-Mar 2016</b>	<b>31-Mar 2015</b>
<b>Council Owned Stock</b>		
Houses	2,017	2,025
Bungalows	1,044	1,044
Flats	720	721
Bedsits	7	7
<b>Total Council Owned</b>	<b>3,788</b>	<b>3,797</b>

### **NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE**

	<b>2015/16 £'000</b>	<b>2014/15 £'000</b>
<b>Capital investment</b>		
Houses	6,438	5,519
<b>Sources of funding</b>		
Capital Receipts	(794)	(236)
Government grants and other contributions	(2,919)	(2,650)
Direct Revenue Financing	(2,725)	(2,633)
<b>Total</b>	<b>(6,438)</b>	<b>(5,519)</b>

The Major Repairs Allowance for 2015/16 of £2.656m was used in full during the year (£2.65m 2014/15).

#### NOTE 4 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15
	Impairments	Depreciation	Total	Impairments	Depreciation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Land	-	-	-	-	-	-
Dwellings	5,489	3,650	9,139	5,519	2,745	8,264
Other Property - Operational Assets	-	129	129	-	130	130
	<b>5,489</b>	<b>3,779</b>	<b>9,268</b>	<b>5,519</b>	<b>2,875</b>	<b>8,394</b>

#### NOTE 5 – CAPITAL RECEIPTS FROM DISPOSAL OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HOUSING REVENUE ACCOUNT

	2015/16	2015/16	2014/15	2014/15
	No. of Sales	£'000	No. of Sales	£'000
<b>Council dwellings</b>				
Right to Buy	10	765	5	315
Discounts repaid		-		9
<b>Other Receipts</b>				
Land sales	1	24	1	150
Other property sales				
Mortgage Property		5		5
		<b>794</b>		<b>479</b>
Less set aside		-		(243)
		<b>794</b>		<b>236</b>

#### NOTE 6 – BUYOUT FROM HOUSING SUBSIDY SCHEME

In April 2015, the Council paid £21.169m to buy out of the HRA Subsidy Scheme, expected to generate savings in excess of £0.7m per annum. In 2014/15, the Council paid subsidy to the Welsh Government of £1.559m.

#### NOTE 7 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

During 2015/16, total rent arrears decreased by £14k. A summary of rent arrears and prepayments is shown in the following table:-

	2015/16	2014/15
	£'000	£'000
<b>Rent arrears</b>		
Current Tenant Arrears	466	518
Former Tenant Arrears	273	263
Total Rent arrears	739	781
Prepayments	(152)	(180)
<b>Total Debt</b>	<b>587</b>	<b>601</b>

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £0.433m against rents (£0.525m in 2014/15).

## NOTE 8 – PENSION COSTS

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

<b>HRA Income and Expenditure Account</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost	(228)	(198)
Employer Contributions actually paid	228	198
<b>Contribution to Pension Reserve</b>	<b>-</b>	<b>-</b>

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year:-

It has not been possible to determine how much of the pension interest costs and expected return on assets per the actuarial report relate to the Housing Revenue Account, so these have been fully allocated to the Council Fund.

<b>RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS</b>	
Age Concern Gwynedd and Anglesey	Jim Evans
Anglesey Access Group	Robert G Parry OBE
Anglesey CAB	Robert Llewelyn Jones
Anglesey Community Health Council	Jeffrey M Evans, Dylan Rees & Dafydd Rhys Thomas
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Lewis Davies, Richard A Dew, Derlwyn Rees Hughes, Victor Hughes & J Arwel Roberts
Armed Forces Champion	Aled Morris Jones
Betsi Cadwaladr Stakeholder Reference Group	Kenneth P Hughes
Carers' Champion	Robert G Parry OBE
Court of Governors, University of Wales, Bangor	Ieuan Williams
Cwmni CYNNAL AGM	Jim Evans
Cwmni Fran Wen	R Meirion Jones
Cymdeithas Tai Eryri	Kenneth P Hughes
CYNNAL Management Committee	R Meirion Jones & Kenneth P Hughes
Diversity Champion	Carwyn Jones
Fostering Panel	Ieuan Williams
Gofal a Thrwsio Môn Management Committee	Aled Morris Jones & Alun Wyn Mummery
Grwp Llandrillo/Menai	Ieuan Williams
Gwynedd & Anglesey Adoption Panel	Jeffrey M Evans
Gwynedd and Anglesey Youth Justices Service	Kenneth P Hughes
Gwynedd Liaison Committee (Superannuation Fund)	Hywel Eifion Jones
Horizon Nuclear Project Liaison Group	John Griffith, Kenneth P Hughes, William Thomas Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones & Dafydd Rhys Thomas
Joint Council for Wales	John Griffith
Joint Local Service Board (Anglesey and Gwynedd)	Ieuan Williams
Leader for Adult's Safeguarding	Aled Morris Jones
Medrwn Môn	Ieuan Williams
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Richard A Dew & Kenneth P Hughes
Member Champion	Vaughan Hughes
Menter Môn	Ieuan Williams
North and Mid Wales Trunk Road Joint Committee	J Arwel Roberts
North Wales Economic Forum	Ieuan Williams
North Wales Fire and Rescue Authority	Lewis Davies, Jim Evans & Richard Owain Jones
North Wales Fire and Rescue Authority Audit Committee	Jim Evans
North Wales Fire and Rescue Authority Executive Panel	Lewis Davies & Richard Owain Jones
North Wales Housing Association	Kenneth P Hughes

North Wales Police and Crime Panel	William Thomas Hughes
North Wales Regional Waste Plan Review Steering Group	Richard A Dew and J Arwel Roberts
North Wales Residual Waste Treatment Joint Committee	Richard A Dew and J Arwel Roberts
North Wales Tourism Partnership	Ieuan Williams
North Wales Valuation Tribunal – Joint Appointing Panel	Hywel Eifion Jones
Older People's Champion	Robert Llewelyn Jones
Owen Lloyd, Penrhoslligwy Educational Trust	Derlwyn Rees Hughes
Pensions Committee (Gwynedd Council)	Hywel Eifion Jones
Regional School Effectiveness and Improvement Service Joint Committee	Kenneth P Hughes
Regional Technical Statement (Members Forum)	J Arwel Roberts
Scrutiny Champion	R Meirion Jones
TALNET (Joint Bibliographic Society)	Richard A Dew & Vaughan Hughes
Voluntary Sector Liaison Committee	Jim Evans, Aled Morris Jones, Alun Wyn Mummery, Alwyn Rowlands & Ieuan Williams
Welsh Joint Education Committee	Kenneth P Hughes
Welsh Local Government Association	J Arwel Roberts & Ieuan Williams
Wylfa Site Stakeholder Group	John Griffith, Kenneth P Hughes, William Thomas Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones & Alwyn Rowlands

<b>Third Party organisations</b>	<b>Stakeholder</b>
North Wales Valuation Tribunal – Joint Appointing Panel	Hywel Eifion Jones
Older People's Champion	Robert Llewelyn Jones
Owen Lloyd, Penrhoslligwy Educational Trust	Derlwyn Rees Hughes
Pensions Committee (Gwynedd Council)	Hywel Eifion Jones
Regional School Effectiveness and Improvement Service Joint Committee	Ieuan Williams
Regional Technical Statement (Members Forum)	J Arwel Roberts
TAITH Joint Committee	Richard A Dew & Robert G Parry OBE
TALNET (Joint Bibliographic Society)	Richard A Dew & Vaughan Hughes
Voluntary Sector Liaison Committee	Jim Evans, Kenneth P Hughes, Alun Wyn Mummery, Alwyn Rowlands & Ieuan Williams
Welsh Joint Education Committee	Ieuan Williams
Welsh Local Government Association	J Arwel Roberts & Ieuan Williams
Wylfa Site Stakeholder Group	John Griffith, Kenneth P Hughes, William Thomas Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones & Alwyn Rowlands

## GLOSSARY

### ACCOUNTING PERIOD

This is the period of time covered by the accounts, normally a period of twelve months, commencing on 1 April. The end of the accounting period is the Balance Sheet date, usually 31 March of the following year.

### ACCRUALS

Sums included in the final accounts to recognise goods/services received in the year or income and expenditure earned or incurred in the financial year but for which actual payment had not been received or made as at 31 March.

### ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits 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.

### AGENCY SERVICES

These are the services provided by the Council to a third party on behalf of another organisation.

### APPROPRIATIONS

These are the amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

### ASSET

An asset is an item having value to the Council in monetary terms. Assets are categorised as either current or non-current:-

- A current asset will be used or be of minimal value within the next financial year (e.g. cash and inventories);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g. a community centre), or intangible, (e.g. computer software licences).

### AUDIT OF ACCOUNTS

This is an independent examination of the Council's financial affairs.

### BALANCE SHEET

The Balance Sheet is a statement of the true and fair value of the recorded assets, liabilities and other balances at the end of the financial year.

### BUDGET

The Budget is a statement of how much the Council has allocated to each service and function to spend or raise in income for the financial year.



## **CAPITAL EXPENDITURE**

Capital Expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

## **CAPITAL FINANCING**

Funds that are available 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 PROGRAMME**

The capital schemes the Council intends to carry out over a specific period of time.

## **CAPITAL RECEIPTS**

Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

## **CASH AND CASH EQUIVALENTS**

This is cash-in-hand, cash overdrawn, cash held in bank accounts and short-term (for example three months) investments which are readily converted into known amounts of cash.

## **CASH FLOW STATEMENT**

The cash flow statement shows the changes in cash and cash equivalents of the Council during the financial year.

## **CIPFA**

This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

## **COMMUNITY ASSETS**

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This is one of the main financial statements of the Council which records all the income and expenditure for the Council categorised on the basis of standard CIPFA requirements to enable comparisons to be made between authorities.

## **CONSISTENCY**

This represents the concept that the accounting treatment of like items, within a financial year and from one year to the next, is the same.

## **CONTINGENT ASSET**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

## **CONTINGENT LIABILITY**

A contingent liability is either:-

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is, thus, over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

## **CREDITOR**

The amount owed to individuals or other organisations by the Council for work done, goods received or services provided within the financial year but for which payment has not been made by the end of that financial year.

## **CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current year.

## **DEBTOR**

The amount owed to the Council from individuals or other organisations for works done, goods received or services provided within the financial year, but for which payment has not been received by the end of that financial year.

## **DEFINED BENEFIT PENSION SCHEME**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

## **DEPRECIATION**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

## **DISCRETIONARY BENEFITS (PENSIONS)**

These represent the retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

## **EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

## **EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**FINANCE LEASE**

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

**GOING CONCERN**

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

**GOVERNMENT GRANTS**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

**HERITAGE ASSETS**

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**HOUSING BENEFITS**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

**HOUSING REVENUE ACCOUNT (HRA)**

The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

**IMPAIRMENT**

Impairment is a reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

**INFRASTRUCTURE ASSETS**

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

**INTANGIBLE ASSETS**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

**INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the financial year of the present value of the scheme liabilities because the benefits are one financial year closer to settlement.

**INVENTORIES**

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and work in progress.

**INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the share of the pension scheme assets associated with their underlying obligations.

## **INTEREST RECEIVABLE OR PAYABLE**

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

## **LIABILITY**

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next financial year, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Council without disrupting its business and are either:-

- Readily convertible to known amounts of cash at, or close to, the carrying amount; or
- Traded in an active market.

## **LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which, together, constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one financial year.

## **MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and, ultimately, mislead a user of the accounts.

## **MINIMUM REVENUE PROVISION (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

## **NET BOOK VALUE**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

## **NET DEBT**

The Net Debt is the Council's borrowings less cash and liquid resources.

## **NET WORTH**

The Net Worth is the Council's value of total assets less total liabilities.

## **NON-DISTRIBUTED COSTS**

These are overheads for which no user now benefits and, as such, are not apportioned to services.

### **NATIONAL NON-DOMESTIC RATES (NNDR)**

The National Non-Domestic Rate is a levy on businesses based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

### **NON-OPERATIONAL ASSETS**

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

### **OPERATING LEASE**

An Operating lease is where the ownership of the non-current asset remains with the lessor.

### **OPERATIONAL ASSETS**

Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior financial years arising in the current financial year as a result of the introduction of, or improvement to, retirement benefits.

### **PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **PRECEPT**

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

### **PRIOR YEAR ADJUSTMENT**

A Prior Year Adjustment is a material adjustment applicable to previous years arising from changes in accounting policy or from the correction of a fundamental error. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PROVISION**

An amount put aside in the accounts for future liabilities or losses which are certain, or very likely, to occur but the amounts or dates of when they will arise are uncertain.

### **PUBLIC WORKS LOANS BOARD (PWLB)**

A Central Government Agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

### **RATEABLE VALUE**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

### **RELATED PARTIES**

There is a detailed definition of related parties in IAS 24. For the Council's purposes, related parties are deemed to include Central Government, Local Authorities and other bodies, either precepting or levying demands on the Council. Related Parties can also include subsidiary and associated companies, joint venture and joint venture parties and particularly Members and chief officers of the Council.

When considering who is a related party, regard is also taken of transactions involving members of the close family or household of any individual listed.

## **RELATED PARTY TRANSACTIONS**

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

## **REMUNERATION**

All sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

## **RESERVES**

Reserves are the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

## **RESIDUAL VALUE**

The residual value of an asset is the net realisable value of an asset at the end of its useful life.

## **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## **REVENUE EXPENDITURE**

Revenue Expenditure represents the day-to-day expenses of providing services.

## **REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

## **REVENUE SUPPORT GRANT**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

## **SUPPORTED BORROWING**

The Council borrows money to fund part of its capital programme. This borrowing is recognised by Central Government in its calculation of formula funding for the Council.

## **TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

## **TRUST FUNDS**

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

## **UNSUPPORTED BORROWING**

The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

**UNUSABLE RESERVES**

Unusable Reserves are those reserves used to absorb the differences between the outcome of applying proper accounting practices and the requirement of statutory arrangements for funding expenditure. Such reserves include the unrealised gains and losses in relation to revaluations of property, plant and equipment where the value only becomes available if the asset is sold.

**USABLE RESERVES**

Specific amounts set aside for future policy purposes or to cover contingencies. They can be used to fund expenditure or reduce taxation.

**USEFUL ECONOMIC LIFE (UEL)**

The period over which the Council will derive benefits from the use of a non-current asset.

**WORK IN PROGRESS (WIP)**

The cost of work performed on an uncompleted project at the Balance Sheet date.

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## ANNUAL GOVERNANCE STATEMENT – 2015/16

### 1. INTRODUCTION

Regulation 4 of the Accounts and Audit (Wales) Regulation 2005 introduced a requirement for the Authority to be explicitly responsible, as part of its arrangements for corporate governance, for annually reviewing and reporting on internal control. The CIPFA Code of Recommended Practice (the Code) states that the preparation and publication of an Annual Governance Statement (AGS) in accordance with 'Delivering Good Governance in Local Government' fulfils the requirement regarding the production of a statement of internal control in England, Wales and Northern Ireland. The Regulations also state that it is good practice that the AGS be included in the Council's Statement of Accounts.

This is the third Governance Statement for the Council elected on new wards in May 2013. It sets out the governance arrangements in place for the year (April 2015 to March 2016), focusing on those current significant governance issues in relation to the Authority achieving its vision. It highlights changes made during the year and includes a brief evaluation where weaknesses or significant improvements are identified.

Aspects of the Council's governance arrangements had been strengthened and modernised in recent years across a number of governance themes, and these were then incorporated in the Transformation Plan for the Authority which was adopted in January 2013 setting out its work up to 2017 and included thereafter a four-year Corporate Plan (2013-2017) . It was designed as a programme of change driven by the Council itself.

The Vision for the Council is that, by 2017:-

***“we will be a professional and well-run Council, innovative and outward-looking in our approach, committed to developing people and partnerships in order to deliver efficient and effective services of good quality, that are highly valued by our citizens.”***

We also emphasise that assurance and governance will be key to ensuring the delivery of the Corporate Plan.

“In doing so, we will:-

- provide an integrated performance management framework, linking the Corporate Plan to the Medium Term Financial Strategy down to the annual budget setting process and individual performance development reviews
- collect and use information to monitor our performance and take action to improve where required
- support the evolving strength of the Council's democratic decision making and scrutiny processes
- strengthen our engagement with, and involvement of, Anglesey citizens in the Council's decision making and accountability processes
- continue to strengthen our processes around finance and workforce reporting and monitoring
- put in place robust arrangements for dealing with our financial challenges, ensuring service transformation and innovative delivery is at the heart of what we do”.

The six key themes supporting the vision are:-

1. **Professional and Well Run**
2. **Innovative, Ambitious and Outward Looking**
3. **Customer, Citizen and Community Focused**
4. **Valuing and Developing our People**
5. **Committed to Partnership**
6. **Achieving**

There are six core principles of good governance in the CIPFA/SOLACE framework contained within 'Delivering Good Governance in Local Government' which have been adapted for local government purposes. These can be aligned with the principles and values set out by the Welsh Government (WG) as shown via the wording in italics.

1.	Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; <i>(Putting the Citizen First); (Achieving Value for Money).</i>
2.	Members and officers working together to achieve a common purpose with clearly defined functions and roles; <i>(Knowing Who Does What and Why).</i>
3.	Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; <i>(Living Public Service Values).</i>
4.	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; <i>(Fostering Innovation Delivery).</i>
5.	Developing the capacity and capability of Members and officers to be effective; <i>(Being a Learning Organisation).</i>
6.	Engaging with local people and other stakeholders to ensure robust public accountability; <i>(Engaging with Others).</i>

## 2. SCOPE OF RESPONSIBILITY

The Isle of Anglesey County Council 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. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council 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.

The Council has approved and adopted a local 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 local code is on our website at <http://www.anglesey.gov.uk/Council-and-democracy/governance-and-performance>

This statement explains how the Council has complied with the code and it meets the requirements of non-statutory proper practice encouraging the publication of an Annual Governance Statement. It also meets the requirement of regulation 4(2) of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control.

## 3. THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes and cultural values by which the Authority is directed and controlled. It also guides the activities through which it accounts to, engages with and leads the community. 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 manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can 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 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 has been in place at the Council for the year ended 31 March 2016 and remains applicable up to the date of the approval of the Statement of Accounts. Where any new arrangements have been introduced during the year, this has been noted. The Authority’s financial management arrangements conform with the governance requirements of CIPFA’s: the role of the Chief Financial Officer in Local Government (CIPFA 2016).

#### 4. ANALYSIS OF THE GOVERNANCE FRAMEWORK 2015/16

The current framework as it relates to each of the six Corporate Governance principles is described in the interlinked topics as outlined available at <http://www.anglesey.gov.uk/Council-and-democracy/governance-and-performance>

The following summary focuses on the work to develop and strengthen the framework and outlines areas of weakness identified during the 2015/16 financial year.

<b>Principle One</b>	<b>Focusing on the purpose of the Authority and on outcomes for the community and creating a vision for the local area</b>
<b>Related Key Themes:</b>	<b>Customer, Citizen and Community Focused Committed to Partnership; Achieving</b>

The Council’s Corporate Plan 2013-17 (adopted December 2013) continued to guide the work of the Council and creates a vision for the local area. The Wales Audit Office (WAO) reported that the Plan describes the Council’s priorities succinctly and clearly and explains how the priorities reflect the views of the public as well as those of the Council and other partners. The Corporate Transformation Programme, which was key to the governance improvements of 2013, continued to support the transformation of the Authority to achieve its vision and priorities. These strategic aspects are embedded in the Corporate Plan.

A joint Local Services Board for Gwynedd and Ynys Môn (LSB) was established on 1 April 2013 replacing the previous single county Boards. This step change also included a rationalisation of strategic partnership functions in North West Wales, resulting in a joint strategic Partnerships Unit straddling Gwynedd and Ynys Môn. The Joint Local Service Board for Gwynedd and Ynys Môn continued to work on the agreed priorities during 2015/16. Monitoring reports from the three priority areas – Older People, Resilient Families and Sustainable Communities – are received in all meetings, showing the development and the outcomes of the work. During 2015/16, the LSB has also been working towards implementing the Well-being of Future Generations Act from April 2016 onwards. The Act puts a statutory duty on Public Bodies to work together and create a Public Service Board (PSB) to replace the LSB. This work is ongoing and the PSB’s first meeting will be in May 2016. During 2016/17 the PSB will be preparing and publishing an Assessment of Local Well-being for Gwynedd and Ynys Môn, which will be the basis of the future well-being objectives.



An annual budget and Medium Term Financial Plan was approved by Council in March 2016, following extensive public consultation. Budget cuts and efficiencies continued to dominate the Council's agenda with the aim of delivering significant reductions to spending of £10m over the next three to five years. This is the equivalent of 8%, whilst only allowing a sum of £1m to be allocated from reserves to a limited amount of money to transform services in 2016/17.

The Council has managed its resources in a way that has led to a balanced financial position at year end for 2015/16. The Medium Term Financial Plan (MTFP) was further developed which projects the funding gap for the remaining period of this Council. To bridge this gap, work has been undertaken since summer 2014 in developing, with stakeholders, an Efficiency Strategy. This was formally approved by the Executive in December 2014 after a period of public consultation. This strategy provides the overarching framework of how the Council is approaching its efficiency challenge.

Financial Management is fundamental to the running of the Council and various improvements have been made to one of those improvements in installing and continually developing a financial management system that meets the needs and demands of a 21st century Local Authority, whilst also ensuring the continual development of the accounting function. The result of such measures has meant that, unlike in previous years, the Statement of Accounts were successfully closed on time for both 2013/14 and 2014/15, with limited recommendations emerging from the external auditors.

The Council, however, acknowledges there is a need to further develop the MTFP in more detail in order to set out the future financial position of the Council in the context of the delivery of the Corporate Plan and the investment and disinvestment decisions required in order to achieve this. For the 2015/16 budget setting process, both Members and Officers continued to hold regular meetings to oversee the development of the efficiency strategy and its consultation process, as well as ensuring that a balanced budget was set. Both Members and Officers agreed, however, that the process for doing so needed to improve to have better engagement between Members and Senior Officers. For the 2015/16 budget setting process, a Budget Steering Group was established chaired by the Assistant Chief Executive, with representation from all political groups.

The Statement of Accounts for 2014/15 was published with an unqualified audit opinion at the end of September 2015.

The Performance Report (Performance Review) approved by the County Council in October 2015 looked back to assess how we performed against the priorities and targets as set out in our 2014/15 Annual Delivery Document which delivers the priorities and main aims of our Corporate Business Plan 2013-17. This was assessed by WAO in its Improvement Assessment Letter as the Council having discharged its improvement reporting duties under the Measure and having acted in accordance with Welsh Government guidance.

A Performance Management Framework is in place including quarterly scorecards, half-yearly challenges to Services and regular reports to the Executive and to Scrutiny. The framework continues to evolve and to focus on self-assessment by Heads of Service, and on the key areas of risk and transformation. It is also focusing on improvements to reporting of workforce and financial information. During 2015, a series of Service Reviews was undertaken which covered :-

- (i) Efficiencies and Service Budgets (June-July 2015)
- (ii) Performance (November-December 2015)

Whilst we have established strong approaches to ensuring effective governance for new partnerships, governance arrangements for some of the more historical partnership arrangements require strengthening. A priority for 2016 will be to develop a Partnerships Policy which will provide a framework for the effective management of partnerships (both existing and new) and to offer guidance to those individuals directly involved in partnerships. The policy will also outline the governance arrangements to ensure the partnerships the Council is involved in are managed in an efficient and effective way, focusing on actions and outcomes that support the Council to deliver its strategic aims and objectives.

Procurement is an essential part of service delivery on Anglesey, with major service provision externalised, for example, waste, highways and education advisory support. A national Welsh Government fitness check undertaken by KPMG in 2014 highlighted some significant issues for the Council to address. A formal project has been established to address the actions highlighted within the report. The project has addressed the major issues, i.e. developing a corporate procurement strategy, policy and contracts management strategy as well as delivering training on the CPR's new EU procurement legislation to all staff responsible for procurement. KPMG will be returning mid-2016 to review the service and its progress from the fitness check that was undertaken in 2014. The project has, to date, achieved £500k cashable savings.

Internal Audit reviews and report on processes that support the achieving of the Council's objectives and its annual report is an important part of the review of effectiveness described at Section 5 of this Statement.

Managing grant claims had, historically, been a weakness but an action plan has been put in place and improvements in the level of timely submissions and a reduced number of qualifications is reflected. In 2014/15 21% (3) of the claims were qualified:-

- Teachers Pensions;
- Structural Funds - The Development of Anglesey's Coastal Environment;
- Structural Funds - North Wales Local Investment Fund.

This area continues to be monitored by the Audit Committee. Recommendations from the 2014/15 audit programme will be implemented for the delivery of 2016/17 grants.

<b>Principle Two:</b>	<b>Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>	
<b>Related Theme:</b>	<b>Key</b>	<b>Professional and Well Run</b>

The Council has an Executive system with a Leader elected by the Council and an Executive of up to six members appointed by the Leader. The Executive makes decisions on key strategic issues and is responsible for implementing the agreed policies of the Council. Each Executive Member has a portfolio for a particular Council function. Two scrutiny committees hold the Executive to account; these are made up of Councillors not on the Executive. There are also regulatory committees including Planning, Licensing, Appeals and Audit, together with a number of other committees set up for specific purposes.

Arrangements for committees and a scheme of delegation to officers and Members are included in the Council's constitution.

A new Relationship Protocol for Members and Officers and a programme of work supported by the Welsh Local Government Association (WLGA) was implemented during 2013 to help develop the Executive and the way Members and senior officers work together. This includes the key roles of Leader and Chief Executive and the Shadow Executive. This arrangement continues to be the case.

Elected Members have been eager to move on from the past and have focused their energy on becoming a Council which truly wants to fix problems, modernise service provision and deliver on its promises. Whilst constructive debate and difference of opinion does occur, especially with an official opposition in place, there is now a greater sense of inclusiveness, of collective responsibility for outcomes and sharing in success. There is also more trust and professionalism in the relationship between Members and Officers and the focus is on delivery of effective services for citizens.

The Council's new senior leadership structure was originally completed during 2012, and a further review of the next tier of Head of Service was undertaken in 2013/14 which led to a reduction of six posts at this level. The appointment of a new Chief Executive in May 2015 saw further changes. The new Chief Executive, appointed at a lower salary level of 22% as endorsed by the Independent Remuneration Panel for Wales, proceeded to restructure the Senior Leadership Team (SLT). The restructure proposals were agreed in principle in March 2015. The new operating model removed the tier of three Corporate Directors and replaced it with two Assistant Chief Executives who report directly to the Chief Executive (one responsible for external Council matters and the other responsible for internal Council matters). The approved model offers better mitigation against risk and the Executive also decided to include the Monitoring Officer and Section 151 Officer (new appointment to post October 2015) as full members of the Council's Senior Leadership Team alongside the three new posts. This decision has the potential to add valuable experience and expertise to the team's discussions.

The approved management model is that the SLT leads on developing the vision and strategic direction of the Council and is held to account in that role. As such, the role of SLT is to provide strategic and corporate leadership, not to be involved in the direct operational management of services. In late November 2013, the review of the Heads of Service (Penaethiaid) structure was undertaken to reflect this. The outcome of the review was revised job descriptions and role of Heads of Service to be wholly responsible for the operational management, performance and direction of their services, and this continues to be the case. The SLT has also developed strong partnership working with the Executive, which is facilitating a more trusting and transparent environment where officers and Members work together as a team.

*The Audit & Governance Committee* is a key component of the Authority's governance framework. The committee has two lay co-opted members which serve to widen its independent knowledge and experience base. It provides independent assurance to the Council and its statutory officers on: adequacy of the governance and risk management frameworks, the internal control environment and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, it makes an important contribution to ensuring that effective assurance arrangements are in place.

The CIPFA Public Sector Internal Audit Standards 2013 require the Head of Internal Audit to provide the Audit and Governance Committee with assurance on the whole system of internal control, including the adequacy of risk management and corporate governance arrangements. It should be noted that assurance can never be absolute. The most that Internal Audit can provide to the Audit Committee is a reasonable assurance that there are no major weaknesses in the whole system of internal control.

During the year, the Audit & Governance Committee has maintained an overview of the Council's assurance framework by considering the audit opinions on individual pieces of internal audit work, reviewing progress in implementing improvement actions emanating from the AGS and considering the Corporate Risk Register. It has also received assurance from the reports issued by the Authority's external regulators.

The Committee undertakes an annual self-assessment on its performance which informs its forward work plan. New guidance on the role of Audit Committees from CIPFA envisages a wider governance role than has historically been the case. The Audit Committee considered new terms of reference in early 2015 in line with this guidance. The suggested amendments were drafted and, having been consulted upon, were considered by the Executive on 20 April 2015 and then approved by full Council on 14 May 2015. The Committee is now known as the Audit and Governance Committee.

The Council implemented the Public Service Internal Audit Standards in April 2013. There is also an expectation that local authorities are compliant with the CIPFA Statement on The Role of the Head of Internal Audit in Public Service Organisations. The Council's arrangements are consistent with the principles set out in the statement.

Allowances are paid to Members in accordance with a local scheme based on the decisions of the Independent Remuneration Panel for Wales. The Panel published specific reports for this Council in respect of the year. Decisions on discretionary matters are taken by the Full Council and both the schemes, and the payments made to Members under the scheme, are published on the Council's website.

A Pay Policy Statement has been adopted as required and this was reviewed and updated in March 2013 and 2014 and adopted again by the County Council in February 2015.

Principle Three:	Promoting values for the Authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour
Related Key Theme:	Professional and Well Run

The six key themes incorporated within the Corporate Plan for 2013-17 set out the Council's values and these are embedded in the Council's transformational activity and future vision for delivery. As a result, the six key themes underpin the corporate way of working and the importance of good governance is emphasised in the Corporate Plan.

There are a number of codes of conduct and protocols in place as part of the Constitution to ensure high standards of conduct and behaviour. There is a Policy for the Prevention of Fraud and Corruption in the Constitution with subsidiary plans in place. This includes the Officers' Code of Conduct, which is statutory. Local Guidance has now been published and circulated to all staff.

The Monitoring Officer acts as the lead officer for the **Standards Committee (SC)**, with seven of its nine members external appointments and the remainder being Elected Members. The Committee develops and supports independence and objectivity rather than political governance and achieves this in the following ways:-

- [Chairman's Annual Report](#) to Council
- [Work Programme](#) approved annually by the Council
- Four quarterly meetings and as many extraordinary meetings as are necessary to deal with referrals from the [Public Services Ombudsman for Wales and applications for dispensations](#)
- Dealing with any matters referred under the [Local Resolution Protocol](#)
- Dealing with any Public Services Ombudsman for Wales local view requests
- [Training and development](#) arranged by the SC and/or undertaken by the SC. This year the SC focused on the development of Town Councillors. The focus for 2016/17 will be devising training to be delivered to the new intake of Councillors in May 2017.
- To supplement training for Members, briefing notes have been published on the following subject areas:-



- Local Council Housing Allocations  
(Currently under revision to reflect the new Allocations Policy)
- Section 25 Localism Act 2011
- Public Procurement
  - (Currently under revision to reflect the new Contract Procedure Rules)
- Political Freedom of Speech v Code of Conduct
- Gifts and Hospitality
- Dispensations

[Standards Committee Forum](#)

Undertaking an annual review of the three Registers of Members' Interests and publishing its findings and advisory note to all Members. This year the independent members of the Committee who undertook the review have also contacted each elected Member directly about any specific issues relating to their registration of interests. Written feedback to individual Councillors will now also be provided for the first time but, as the SC also has responsibilities for Community Councillors, the focus of the registers this year will be to undertake sample audits of declarations of interest at Community Council meetings. This process will be carried out on a risk-based approach.

One of the features of the Council in the past was poor behaviour by some Members. The improvement that was witnessed during the time of the Commissioners has continued. In the view of the SC, this has become an embedded trend with only one matter under investigation by the Ombudsman during 2015/16. It was the view of the SC's Chair, to the Council on 12 May 2016, that self-regulation is now working effectively in Anglesey.

<b>Principle Four</b>	<b>Taking informed transparent decisions which are subject to effective scrutiny and managing risk</b>
<b>Related Key Theme:</b>	<b>Innovative, Ambitious and Outward Looking</b>

The arrangements for delegation of Executive decisions to individual Members are now established across the Authority following guidance that was reissued in August 2013, and its effectiveness was further reviewed by management that autumn.

In 2012, the Council introduced new systems to ensure easy access to the Council's agendas, papers and minutes and from May 2013, Members and the public have had the full benefit of access to committee papers and supporting information. Members also have direct access to this electronic system during meetings.

In addition, there are two Scrutiny Committees: one concerned with the internal working of the Council and the second concerned with external partnerships and the impact of the Council on its communities. These two committees have enabled Members to take a more holistic and corporate view of the Council, its role and impact.

The focus of the **Corporate Scrutiny Committee's** work is to secure assurance regarding the performance / delivery of all services, ensuring the Council achieves its corporate and service objectives (as outlined in its Corporate Business Plan, Annual Budget, Budget and Policy Framework, Performance Management Framework, Corporate Policies or their successor plans and policies) and to support and make recommendations for continuous improvement. Some of the issues scrutinised during the year include:-

- Performance Monitoring - Corporate Scorecard all 4 Quarters
- Budget Monitoring - Capital Budget Out-Turn and Revenue Budget Provisional Out-Turn
- Annual Performance Report 2014/15
- School Modernisation - Bro Rhosyr and Bro Aberffraw Areas Formal Consultation
- Scrutiny Outcome Panel - Efficiency Savings 2015/16

The **Partnerships & Regeneration Scrutiny Committee** has an important and essential role in reviewing our partnership arrangements and activity, and continues to close the democratic deficit that partnerships have been criticised for. Some of the issues scrutinised by the Partnership and Regeneration Scrutiny Committee during the year include:

- Annual Review of Anglesey Housing Partnership
- Update on Proposed Joint Local Services Board Scrutiny
- Betsi Cadwaladr University Health Board
- Galw Gofal / Care Connect North Wales Regional Call Monitoring Service
- Partnership Policy Document and the Role of Scrutiny in Monitoring Partnerships

Members represent Scrutiny on various internal Boards and review groups, the purpose of this being to promote inclusion, add value to the discussion and to report back to their Scrutiny Committee on progress and to raise areas which may require formal scrutiny. The focus of the *Corporate Scrutiny Committee* on performance has supported the cultural change and contributed significantly to improved governance.

Each of the two Scrutiny Committees reports their activity to the Council at its annual meeting. The Risk Management Policy was adopted by the Executive on 26 May 2015 and both the Policy and associated guidance have been uploaded to Monitor (the Council's intranet). These documents align the Risk Management and Performance Management frameworks.

SLT has reviewed the Corporate Risk Register on a quarterly basis since September 2015. In line with the CPPMF Services are expected to update their risk registers quarterly with any "red" or "amber" risks escalated to SLT to be considered for inclusion on the Corporate Risk Register.

During 2015/16, the Audit and Governance Committee has been presented with an annual report on the risk management process and two updates on the Corporate Risk Register. A further report on the Corporate Risk Register was presented to the Scrutiny Committee in March 2016.

During the year, work has commenced to develop Risk Registers for Partnerships in order to allow the Scrutiny Committee to scrutinise the risks arising from Partnerships. A report on the same was presented to the Audit and Governance Committee in March 2016.

Three overarching Corporate Transformation Programme Boards (CTPBs) were established as part of the Council's Transformation Programme in 2013. The Boards were then reduced from three to two with their revised main role being to monitor and drive progress on related Change Programmes and Projects giving confidence to elected Members and Senior Leaders that anticipated benefits to the Council and communities on Anglesey are being realised in a timely manner. This will ensure that activities were delivered in accordance with Anglesey's corporate objectives.

**The Governance and Business Process Transformation Programme Board** is chaired by the Assistant Chief Executive responsible for all issues relating to internal Council matters. The Board concentrates on transforming internal processes and on improving internal management and governance arrangements and currently covers matters relating to:-

- Corporate Performance Management and Self Evaluation system
- Service Performance Management and Self-Evaluation
- Workforce planning and management
- Smarter Working
- ICT Strategy
- Benefits System and Welfare Reform
- Customer care [citizens and elected Members]
- Procurement and fitness check
- Corporate communication
- Scrutiny Programme
- Business Continuity

**The Partnerships, Communities and Service Improvement Board** is chaired by the Assistant Chief Executive responsible for external Council matters. The Board focuses on developing the principle of "Place", promoting partnerships and improving services provided for Anglesey citizens and currently covers matters relating to:-

- Service Modernisation: School; OASC;
- Museums and Culture; Libraries; Youth Service; Leisure
- Partnerships
- Development of Place – assets to include Housing
- Asset Management Plan [to include Energy efficiency]
- Destination Management
- Energy Island
- Corporate Language Strategy
- Town and Community Councils
- Community engagement
- Management Development across the Council

A robust programme and project management approach has also been implemented corporately to ensure delivery where, previously, this was seen as an area of weakness. The Council has invested in a Corporate Programme Management Office with Project Managers responsible for specific projects. Training is also targeted and all projects are overseen by the Project Managers and the Head of Transformation was appointed to post in Quarter two 2015/16.

The Audit Committee is a key component of the Authority's governance framework. The committee has two lay co-opted Members which serve to widen its independent knowledge and experience base.

It provides independent assurance to the Council and its statutory officers on: the adequacy of the governance and risk management frameworks, the internal control environment and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, it makes an important contribution to ensuring that effective assurance arrangements are in place.

A Concerns and Complaints Policy was introduced to the Council on 1 April 2013 and places an emphasis on: Customer Care, the systematic recording of all concerns, early resolution and the demonstration of lessons learnt and the implementation of improvements. The Policy is based on that of the Public Services Ombudsman for Wales as required by the Welsh Government.

We have a central Customer Care Officer who administers the system and complaints officers in each service who are responsible for co-ordinating responses and facilitating, where possible, the early resolution of issues raised.

The number of formal complaints has steadily decreased since the introduction of the new policy as many “concerns” are resolved early at service level. The number of formal complaints for 2015/16 was 59, six fewer than in 2014/15. The number of complaints to the Ombudsman was again relatively low and none relating to those received during this reporting period were investigated. Statistical information about service complaints is published monthly on the Council’s website and forms part of an annual report to the Audit Committee which also deals with DPA, FOIA and EIR, statistical information for which is also published monthly on the Council’s website. The 2015/16 Annual Report will also include details of any complaints dealt with under the Whistleblowing Policy.

Principle Five:	Developing the capacity and capability of Members and Officers to be effective
Related Key Theme:	Valuing and Developing our People

The Council has achieved the WLGA Charter for Member Support in recognition of the work that we have undertaken to provide a high standard of support to Members to undertake their diversity of roles, ranging from that of community leader, to their special responsibilities within the Council.

In addition, a number of Members have undertaken professional development reviews (PDRs) and training needs have been identified from these. Whilst in its infancy at Anglesey, such a development is seen as key to enabling Members to be more effective in their role. This has now been extended to include independent members of the Standards Committee whose performance and objectives are reviewed by the Standards Committee Chair. During 2015/16, this practice continued to be embedded. Member training is monitored by the Council’s Democratic Services Committee.

The Council has continued, over the past 12 months to use the now well established all-Member briefing sessions on major developments / key strategies and budget proposals. This has proved useful in increasing the wider appreciation and understanding of different initiatives prior to further debates and scrutiny in public forums.

The **Democratic Services Committee** is responsible for reviewing the adequacy of support for Members, which covers: Member development, staffing resources, facilities. The Chair of the Committee has been issued with a specific job description and members of the Committee have a separate job description setting out roles and responsibilities. The Chair also acts as the Member Development Champion and participates in WLGA network meetings where best practice is shared.

A number of Members have undertaken professional development reviews (PDRs) and training needs have been identified from these. This has now been extended to include independent members of the Standards Committee whose performance and objectives are reviewed by the Standards Committee Chair.

The Committee developed a work programme for 2015/16 and the Chair reports annually to Council's Annual General Meeting (AGM), including a report on the Member Development Plan. Themes associated with the WLGA Member Development Charter awarded to the Council form an integral part of its work programme.

The Council has continued with the practice of holding monthly all-Member briefing sessions on major developments / key strategies and budget proposals. This has proved useful in increasing the wider appreciation and understanding of different initiatives prior to further debates and scrutiny in public forums.

All Members prepared annual reports on their responsibilities during 2015/16 and information is available on the Council's website.

The Council has a People Strategy which was developed in 2011 and has been reviewed independently in 2016. That independent review confirmed that the strategy remained "fit for purpose" to take the Council forward to 2020 as it continues to support the Council's vision and provides a framework for moving our people management forward.

The People Strategy has five key priorities:

- Recruiting and retaining the best (innovative, ambitious and outward looking)
- Inspiring service excellence (customer, citizen and community focused)
- Building Organisational effectiveness (professional and well run)
- Engaging, developing and managing our Talent (valuing and developing our people)
- Developing the skills and capacity of our workforce (valuing and developing our people)

The significant achievement in 2015/16 was the completion of the job evaluation/single status project resulting in new terms and conditions which aligned staff and provided equality. A revised pay scale was achieved which ensured that the living wage operational at that time was available for the lowest paid staff. Completing the project had a significant resource impact on HR and services generally which, inevitably, did not enable as much progress to be made in other activities, e.g. the anticipated work to progress workforce planning was not progressed at the expected pace. Looking forward to 2016/17, a forward plan is in place to progress matters.

There is a lively Middle Managers forum and the Ignite Club provides inspirational learning sessions which are open to all staff. As part of the activity on the Transformation Plan and staff engagement activity, individuals across the Authority have been given an opportunity to work on corporate projects and strategies.

A [staff awards ceremony](#) was introduced in December 2013 and has continued in 2014 and 2015 to recognise, celebrate and promote the achievements of Council staff. Every day our staff work hard to deliver public services for the people of Anglesey and the staff awards are an opportunity to showcase good work and demonstrate how much we value our people. There are six categories of award which mirror the 'Six Key Themes'. During 2015, the ceremony was expanded to include staff recognition to those who have gained a professional qualification and to present long service awards.

<b>Principle Six:</b>	<b>Engaging with local people and other stakeholders to ensure robust accountability</b>
<b>Related Key Theme:</b>	<b>Customer, Citizen and Community Focused</b>

As in previous years and in the current financial climate, the Council recognises that it needs to work closely with its key partners in this area of work to avoid duplication and utilise its resources effectively. There is evidence of good engagement practice at service level which demonstrates how the Council shares its decisions and there is a growing culture of trust and understanding with its citizens, e.g. :-

- Older Adults Social Care transformation programme and decision
- Primary School Modernisation programme and decision
- Housing Strategy Consultation Programme

However, the Council recognises that there is room for improvement in widening the cohort of citizens who actively engage (including hard-to-reach groups). As a result, Senior Officers have now recognised the opportunities to create a standardised and simplified process for engagement across the public and third sectors.

Building on the success of the Seiriol pilot project in and around Beaumaris, a new community engagement model was used as a baseline to improve a Corporate approach to community engagement. This model is going to be essential in order to identify those communities and groupings which will have an interest in taking over responsibilities for delivery of local type needs in their communities. The model has, since its inception, been tailored for use in different engagement and consultation work. This model has been signed off by the revised Engagement & Consultation Board led by an Assistant Chief Executive.

The establishment of this Board, in collaboration with a third sector project *Community Voices*, was undertaken to oversee developments and ensure buy-in. Such an approach will secure an accurate reflection of Anglesey-wide views from different stakeholders which can be used thereafter to inform the decision making process.

It is envisaged it will provide a cross-Council approach to engagement and stakeholder involvement which will reduce duplication, ensure a collective approach to engagement and improve our area-based intelligence as a Council.

To assist the Council to contribute to the corporate aim of achieving '*excellent customer, citizen and community focus*' (6 Key Themes), a Customer Service Excellence Project has been established. It contributes towards transforming the way the Council interacts with its customers to provide cost effective and timely services through efficient, demand-led and self-service access channels.

A Customer Service Excellence Charter was successfully endorsed and launched in December, 2014, following consultation with front-line stakeholder groups, officers, Elected Members, staff and trade unions. The Charter outlines our promises to the customer on how we will deal with their requests. It also outlines the expectations we have of our service users to ensure that a clear understanding is established at the outset. The values embraced in the Charter include 'putting the customer first' and demonstrating a 'can do' attitude. In accordance with its language policy, the Council is committed to ensuring that service provision is available in the chosen language of the service user (Welsh or English).

A two-year webcasting pilot funded by Welsh Government grant commenced in June 2014. This is a positive example of how Anglesey has progressed its customer / citizen focused electronic approach by webcasting Executive, Planning & Orders and Council meetings. It also adds to the transparency of decision making and involves a much wider audience for debates. This development is an effective example of the channel shift agenda and the Council's continuous drive to address democratic renewal. Interest has been encouraging to date with in excess of 12,000 views. A staff survey was undertaken during the summer of 2013 and the next survey is scheduled to be carried out next year (2017).

Arrangements are in place to engage with Welsh Government, External Audit and other regulators and WLGA. These have been significantly strengthened over the last few years following intervention and will be sustained as part of the continuing governance arrangements.

Internal engagement is essential in developing a 'Team Môn' culture and we are in the process of refining the Internal Communication Framework. We value the views and opinions of staff and Members in contributing to the transformation agenda. Opportunities have been provided through a range of fora in which staff and Members have been encouraged to actively participate. For Members, regular informal briefing sessions have been held on a range of subjects. This enables them to better understand specific areas of work and allows them to prepare for informed scrutiny and decision making. For the 2015/16 Council year, monthly briefing sessions will feature in the Council calendar.

Annual reports on their work were published by Scrutiny as well as the Standards and Audit Committees. From June 2014, individual Members have also published annual reports.

There are longstanding arrangements for engaging with employees: with Trade Unions through the Local Joint Consultative Committee and less formal meetings, and communication with staff generally e.g. through monthly staff bulletins. Managers and staff were consulted and involved in decision making as part of the Transformation Programme.

## **5. REVIEW OF EFFECTIVENESS**

The Isle of Anglesey County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and, also, by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework has been evaluated by a combination of:-

- the results of the regular in-year review and monitoring by officers and committees;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Corporate Plan;
- a review of the six themes which underpin the Authority's values;
- reviews of feedback from Estyn and CSSIW and the related recovery boards on the improvement work in relation to Education and Children's Services;
- a series of interviews with key officers;
- discussion with, and receiving comments from, groups of officers and Members, including the SLT and the Executive.

In addition, regular in-year review and monitoring includes:-

- formal risk management activity, including specific consideration of those risks linked to governance processes;
- Internal Audit, whose work takes account of identified risks through regular audits of the major systems, establishments, major projects and major governance processes, including risk management, in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that senior officers implement agreed recommendations;
- the annual assessment of Internal Audit by the Council's external auditors;
- the work of the Council's Scrutiny and other committees, including its Audit and Standards committees;
- the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;
- the regular monitoring of improvement and performance against the Corporate Plan and its supporting plans and strategies by Members and senior managers.

Key policies, and any amendments to them, are approved by the Executive and where appropriate, formally adopted by the County Council.

In February 2015, a Corporate Assessment was conducted by the Wales Audit Office and the subsequent report (included as part of the WAO Annual Improvement Report 2014/15 published in December 2015) concluded that :-

*"The Council has improved its self-awareness, making good progress in strengthening its arrangements and improving services, but much remains to be done to use staff and other resources more strategically".*

## **6. SIGNIFICANT GOVERNANCE ISSUES**

The latest official source of analysing progress is, therefore, the Annual Improvement Report (AIR) issued by WAO in December 2015. That report noted that good progress was made across a number of governance themes during the year and concluded that:

- The Council's self-awareness and its track record of improving governance and management are likely to support it in making arrangements to secure continuous improvement in 2015/16;
- Members, officers and partners co-operate well within an improving governance framework, addressing local priorities and arrangements that the Council recognises are not working well;
- The Council has taken steps to address weaknesses in its strategic use of resources but more work lies ahead in the face of financial challenges;
- The Council made good progress against its key improvement priorities.

No statutory or formal recommendations were made in the AIR, but a number of 'proposals for improvement' were made as follows:-

- The Council should review its improvement priorities to ensure that the scale of its ambitions is clear and that it reflects realistically the capacity and resources at the Council's disposal;
- The Council should ensure that its strategies for People, ICT and Asset Management are clearly linked to the Council's Corporate Plan and the associated financial strategy;
- The Council should: further embed a culture of consistent corporate working among staff at all levels; and ensure that staff at all levels are held to account for complying with Council policies and the implementation of decisions;
- In implementing its new procurement strategy, the Council should ensure that it develops and applies the skills necessary to better manage and monitor contracts with external suppliers of goods and services;



- The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff;
- The Council should address systematically and, where appropriate, corporately, the recommendations and proposals for improvement included in the following :-
  - Wales Audit Office reviews of the Council's arrangements to support the safeguarding of children and of the Anglesey and Gwynedd Joint Local Service Board;
  - review of the ICT service commissioned by the Council;
  - Enforcement Notice issued by the Information Commissioner's Office;
  - Performance Evaluation Report 2013/14 issued by the Care and Social Services Inspectorate Wales; and
  - reports produced by Internal Audit

The Annual Report 2016 of the Head of Internal Audit gives assurance on the framework for internal control. It identifies that the Service completed 44 audits during the year, six of which were unplanned against a planned target of 63 audits.

All of the audits performed during the year resulted in positive levels of assurance with the exception of ICT Disaster Recovery which was assessed as providing Minimal Assurance, and the following audits which were assessed as providing Limited Assurance:-

- Business Continuity;
- Ysgol Cemaes;
- Affordable Housing, Houses into Homes & Bridging Loan Schemes;
- Partnerships; and
- Human Resources Policies & Practices for Managing the Workforce.

Follow-up audits were undertaken of ICT Disaster Recovery and Business Continuity during March and February 2016, respectively and the assurance level was re-assessed as reasonable.

A further review of the Risk Management Framework was undertaken during 2015/16 which demonstrated significant progress in embedding risk management in the Authority. Internal Audit continued to focus resources into grant related areas during 2015/16 to ensure that the risks presented by the type of funding were being appropriately managed. No significant risks were identified in respect of the grants reviewed. The overall results of the Internal Audit work identified 73% of reviews resulted in 'positive' opinions (Substantial or Reasonable) and 27% resulted in 'negative' assurance opinions. The 27% of reports receiving negative assurance opinions is made up of six reports (one Minimal and five Limited).

The overall opinion for the systems reviewed is a reasonable level of assurance, which is consistent with previous years. This overall level of assurance is based on the scope of the work carried out, action recommended to management being implemented and those systems continuing to operate as intended. The Service has performed six additional unplanned audits during the year, which accounted for an additional 37.88 days' work.

The UK Internal Audit Standards require Internal Audit to follow up management actions arising from its assignments. The Follow-Up and Monitoring Process outlined in a report to the Audit and Governance Committee on 8 December 2015 has been introduced to improve the monitoring and reporting of progress in implementing agreed recommendations.

Prior to December 2015 the data was compiled solely from a self-assessment by the relevant services and not subject to confirmation by Internal Audit until a subsequent audit review was undertaken in the same area. **Table 1** below summarises the implementation as at 31 March 2016.

<b>Table 1 - Status of agreed recommendation as at 31-3-2016</b>				
<b>Status</b>	<b>High</b>	<b>Medium</b>	<b>Total</b>	<b>%</b>
Complete	35	141	176	74
Outstanding	6	55	61	26
Total	41	196	237	100

Recommendations are currently ranked as high, medium or low. Those rated as low are not subject to formal follow-up by Internal Audit and are not included in this analysis. The percentage implementation rate as at 31 March 2016 is **74%** of 'high' and 'medium' recommendations having being recorded as implemented.

The report of the Head of Internal Audit also identifies areas where significant weaknesses in control would prevent the Council placing reasonable reliance on the systems of internal control in respect of those systems reviewed during the year. The areas will continue to be a concern for Internal Audit until all significant recommendations have been implemented and assurance can be provided that the frameworks and systems are in place, have been embedded, are robust and effective. The current position on these is provided below:-

<b>Significant governance Issues</b>	<b>Actions identified to address weaknesses</b>
<p><b>Information Management</b> – It was reported in the 2014/15 Annual Governance Statement 'some progress on information governance over the last 20 months'. The final ICO's follow up report received in January 2015 recorded a Limited level of assurance. The Council received an Enforcement Notice by the ICO dated 1 October 2015, as the ICO had limited confidence in the Council's commitment to implement the required steps on an ongoing basis.</p> <p>An Internal Audit undertaken during 2015/16 did not give consideration to the <b>ICO's Enforcement Notice</b> undertaken in 2015/16 as the scope of the audit was limited to ensuring ongoing compliance with the Council's Information Governance established policies and practices and resulted in a Reasonable level of assurance.</p>	<p>The Internal Audit report identified improvements in the Council's Information Governance; it is correct to distinguish between it and the ICO Enforcement Notice, which referred to different historic issues. The Enforcement Notice is being addressed by means of a work plan, monitored by the Council's Corporate Information Governance Board. Significant outcomes thus far include the procuring of a policy management and acceptance system, which is currently being implemented.</p>

<p><b>Partnerships – Governance Arrangements</b> – The Council does not have a partnership policy to provide a framework for the effective management of new and existing partnership arrangements and a central register is not maintained to record the partnerships the Council is involved in.</p>	<p>The Assistant Chief Executive updated the Audit and Governance Committee on 15 March 2016 with the scope of the Partnership work streams aimed at formalising the arrangements for monitoring, reviewing and governing both current partnerships and those that may be entered into in future. Reference was made to the development of a Partnerships Policy document which summarises the Council's vision for partnership working.</p>
<p><b>Governance Compliance with Council Polices</b> – The Corporate Assessment 2014/15 identified the requirement to embed a culture of consistent corporate working among staff at all levels and to be held to account for complying with Council Polices. Issues relating to non-compliance with key corporate policies and procedures have been identified in internal audits performed during 2015/16, e.g. Information Governance – Annual Review of Compliance, HR Policies &amp; Practices for Managing the Workforce and ICT Disaster Recovery.</p>	<p>Following a tendering exercise, the Council has identified and acquired an electronic policy management solution. A corporate format for policies has been agreed. A roles and responsibilities paper and an internal implementation plan are being developed. Progress report submitted to SLT on 3 May 2016. Key policies requiring acceptance over the first 12 months have been identified by services and will be considered and prioritised by SLT on 31 May. A key risk to the effective implementation of the system is the absence of full, up-to-date staff details on Outlook. This is currently being addressed, with ICT sending out reminder e-mails on a weekly basis.</p>
<p><b>Corporate Procurement Framework-</b> Following the introduction of the new Contract Procurement Rules (CPRs), a review of the Procurement arrangements has been included in the Internal Audit Operational Plan for 2016/17 to provide assurance that the changes will lead to increased compliance with procurement regulation, policy and procedure.</p>	<p>A national Welsh Government fitness check undertaken by KPMG in 2014 highlighted some significant issues for the Council to address. A formal project has been set up within the Authority; the project has addressed the major recommendations within the report and has also achieved £500k cashable savings. Revised Contract Procedures Rules have been introduced and implemented, taking into consideration the new EU Public Procurement Regulations 2015. Corporate Procurement Team has provided training to all staff on the new legislation and CPRs. Another procurement fitness check carried out by an external provider on behalf of the Welsh Government will take place in June 2016 to ensure that the recommendations have been addressed.</p>

<p><b>Recommendation Implementation</b> – There is a continuing issue with regard to the implementation of Internal Audit recommendations, particularly with schools.</p>	<p>The Corporate Assessment 2014/15 included a proposal for improvement that the Council should address systematically the recommendations included in reports produced by Internal Audit. Both Internal Audit and the Transformation Unit have now actioned this and quarterly reports to SLT are undertaken to monitor progress on internal and external recommendations in some detail, with any issues of concern being noted and followed up.</p>
<p><b>ICT Disaster Recovery</b> - The important issues previously identified in respect of ICT are being addressed, although ongoing work will be needed in 2016/17 to ensure that the internal controls implemented by management are appropriately embedded across the Authority.</p>	<p>The IT Service has liaised with all services to identify key telephone numbers. An external service has been procured which would re-route calls to these numbers in the event of a major incident (Complete).  Best in class servers and data storage technologies have been purchased which will allow the provision of an offsite data centre capable of running key services in the event that HQ was unavailable. Agreement has been reached upon the location of the new data centre but progress is now dependent on the current occupants vacating the unit (December 2016).  The IT BCM needs of services have not yet been articulated by them and it is unclear where services intend to locate themselves in the event of a major incident, nor which systems and data they will require access to. The IT Service has deployed a scalable Citrix remote access solution which could allow key staff to work from home. The IT Service will meet with HoS to identify their IT BCM needs and the associated costs to implement (December 2016).  The IT Service has membership of the corporate Business Continuity task group and is available to advise on IT business continuity improvements (Ongoing).  A best in class Uninterruptable Power Supply (UPS) has been procured and commissioned protecting the Council's data infrastructure from damage due to unstable power or complete failure (Complete).  Systems monitoring technologies have been implemented which monitor all servers and key infrastructure components; this is visible to all IT staff on large monitors as well as generating automatic alerts to the ICT Service Desk in the event of a problem (Complete).  Temperature and humidity sensors capable of generating automatic alerts will be procured and installed at both data centres (December 2016).</p>

A number of these areas have previously been identified by the Council's Self-Assessment and good progress has been made on a number of the actions identified in the 2014/15 Annual Governance Statement as Significant

**7. CERTIFYING THE ANNUAL GOVERNANCE STATEMENT**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Governance 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 in the document.

We propose to take appropriate steps to address these and the other weaknesses identified in the Annual Governance Statement and to further enhance our governance and assurance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements through the Audit & Governance Committee and as part of our next annual review.

.....  
**Leader of the Council**

**Date:** 2016

.....  
**Chief Executive**

**Date:** 2016

**On behalf of the Isle of Anglesey County Council**



# Audit of Financial Statements Report

## Isle of Anglesey County Council

**Audit year:** 2015-16

**Issued:** September 2016

**Document reference:** 514A2016

# Status of report

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This document has been prepared by Deloitte LLP on behalf of the Auditor General.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [info.officer@audit.wales](mailto:info.officer@audit.wales).

The Deloitte team who delivered the work comprised Ian Howse – Engagement Partner, Clare Edge – Engagement Manager and Domantas Vaicekonis – Team Leader.

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The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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# Summary report

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## Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Isle of Anglesey County Council at 31 March 2016 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative levels at which we judge such misstatements to be material for Isle of Anglesey County Council is £4.4m. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of Isle of Anglesey County Council, for 2015-16, that require reporting under ISA 260.

## Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 30 June 2016 and have now substantially completed the audit work. At the date of our presentation of this report the following were outstanding:
  - a. Finalisation of documentation in relation to items on our audit outstanding list;
  - b. Finalisation of Partner and independent quality review process and audit file documentation; and
  - c. Receipt of letter of representation.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the S.151 Officer and Deputy S.151 Officer.

## Proposed audit report

8. Subject to satisfactory completion of outstanding work, it is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

# Summary report continued

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## Significant issues arising from the audit

### Uncorrected misstatements

There are no misstatements identified in the financial statements, which remain uncorrected.

### Corrected misstatements

10. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

### Significant Risks

11. In our Financial Audit Plan, we set out information regarding the significant audit risks that were identified during our planning process. The table below sets out the outcome of our audit procedures in respect of those risks. We have conducted our audit in line with the Financial Audit Plan.

Financial audit risk	Proposed audit response
<p><b>Management override of controls</b></p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>Our testing of journal entries is currently ongoing. However, the audit team will complete the following procedures:</p> <ul style="list-style-type: none"><li>• testing the appropriateness of journal entries and other adjustments made in preparing the financial statements using enhanced data analytics to analyse the whole journal population for characteristics of audit interest;</li><li>• performed testing on the design and implementation of controls over journal entries to the financial ledger;</li><li>• testing the appropriateness of accounting estimates for biases; and</li><li>• evaluation of the rationale for any significant transactions outside the normal course of business including those with related parties.</li></ul> <p>No issues identified.</p>
<p><b>Completeness and recognition of grant income</b></p> <p>We have identified completeness and recognition of grant income as a significant risk as there is a need to apply management judgement on recognition of grant income, including</p>	<p>The audit team undertook the following procedures:</p> <ul style="list-style-type: none"><li>• carried out detailed testing of grant income to check that recognition of income properly reflects the grant scheme rules, that entitlement is in agreement with the draft or final grant claim</li></ul>

# Summary report continued

Financial audit risk	Proposed audit response
<p>determining whether a grant has conditions and whether they have been met to allow recognition. There are two types of grant income which we have considered to be relevant to this risk, these being, specific revenue grants and capital grants and contributions.</p>	<p>and that the grant control account balance has been properly reconciled;</p> <ul style="list-style-type: none"><li>• reviewed and validated correspondence attached to specific grants and compared to the Council's accounting treatment; and</li><li>• tested the design and implementation of controls around recognition of grant income.</li></ul> <p>See <a href="#">Appendix 3</a>, where we identified one adjustment and <a href="#">Appendix 4</a> for one control observation identified.</p>
<p><b>Pension liability</b></p> <p>The Council currently holds a material net liability in respect of its pension obligations on the balance sheet, the calculation of which is based on a series of actuarial judgements.</p> <p>We identified errors in the census data underlying the net pension liability figure in the Council's accounts in 2012-13, 2013-14 and 2014-15 where the Council did not provide the Gwynedd Pension Fund with sufficient information regarding employee movements and role changes on a timely basis.</p> <p>There is a risk that membership data provided to the actuary for use in the preparation of the annual disclosures under International Accounting Standard 19 (Employee Benefits), is not sufficiently robust. However, we note that no issue was reported with regards to the overall liability disclosed in the statement of accounts.</p>	<p>The audit team undertook the following procedures:</p> <ul style="list-style-type: none"><li>• obtained the IAS19 valuation as at 31 March 2016, and engaged experts to assist with our review and testing of the appropriateness of the IAS19 valuation bases, assumptions and financial statement disclosures; and</li><li>• understood and corroborated the exercise undertaken by Council staff to review the accuracy of the data provided to the actuary and considered whether we can obtain assurance over its accuracy and completeness.</li></ul> <p>No issues identified.</p>
<p><b>Housing Revenue Account Subsidy (HRAS) buy out</b></p> <p>The HRAS system was originally established to enable the UK Government to determine the amounts needed by local housing authorities for their housing properties and to identify whether they required subsidy support from central government.</p> <p>The annual subsidy is driven by a formula and if spending was greater than assumed income, the UK Government paid subsidy to make up the deficit. If spending was less, the local housing authority paid the surplus to the UK Government, known as negative subsidy. Over time, the formula has resulted in all eleven local housing authorities in Wales paying negative subsidy.</p>	<p>The audit team undertook the following procedures:</p> <ul style="list-style-type: none"><li>• reviewed the enabling legislation passed by the Welsh government;</li><li>• obtained proof of consideration and approval of the buyout by the Council and the Executive;</li><li>• obtained the signed HRAS voluntary agreement between the Council and the Welsh Government;</li><li>• obtained the signed PWLB loan agreement; and</li><li>• tested the appropriateness of all related accounting entries to ensure they are in accordance with the CIPFA code of practice on local authority accounting and that the related disclosures in the statement of accounts are correct.</li></ul>

# Summary report continued

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Financial audit risk	Proposed audit response
<p>A financial agreement was reached, between the Welsh Ministers and Her Majesty's Treasury in June 2013, which enabled local housing authorities in Wales to exit the HRAS. As part of the agreement, the eleven local housing authorities were required to buy themselves out of the subsidy system.</p> <p>The Council borrowed circa £21.2m from the Public Works Loan Board (PWLb) on 2 April 2015 with a loan maturity of 30 years, which was used to pay-off the government and eliminate the negative subsidies. The Council had to produce a 30 year plan before the buy-out and this is required to be updated every year.</p>	<p>No issues identified.</p>

# Summary report continued

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## Other significant issues arising from the audit

12. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting**, however, we found the quality and timeliness of some supporting audit evidence could be improved and we have raised a recommendation in [Appendix 4](#) to this effect. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
  - **We did not encounter any significant difficulties during the audit.**
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
  - **We did not identify any material weaknesses in your internal controls, although we have identified several areas in which it would be possible to improve control.** These are included in [Appendix 4](#).
  - **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**
13. The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

## Independence and objectivity

14. As part of the finalisation process, we are required to provide you with representations concerning our independence.
15. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office or Deloitte and Isle of Anglesey County Council that we consider to bear on our objectivity and independence.

# Appendix 1

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## Draft Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

27 September 2016

## Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of Isle of Anglesey County Council for the year ended 31 March 2016 the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

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

### Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

## Appendix 1 continued

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- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Isle of Anglesey County Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

### Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Isle of Anglesey County Council on 27 September 2016.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been

# Appendix 1 continued

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communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by: .....

Marc Jones  
S.151 Officer  
Isle of Anglesey County Council

Signed by: .....

Officer or Member who signs on behalf of  
those charged with governance

Date: .....

Date: .....



# Appendix 2

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## Proposed audit report of the Auditor General to the Members of Isle of Anglesey County Council

### **Auditor General for Wales' report to the Members of Isle of Anglesey County Council**

I have audited the accounting statements and related notes of Isle of Anglesey County Council for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Isle of Anglesey County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Isle of Anglesey County Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of Isle of Anglesey County Council**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Isle of Anglesey County Council as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

## Appendix 2 continued

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### **Opinion on other matters**

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Annual Governance Statement does not reflect compliance with guidance.

### **Certificate of completion of audit**

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

For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales  
30 September 2016

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

## Appendix 3

### Summary of corrections made to the draft financial statements which should be drawn to the attention of the Audit and Governance Committee

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

	Nature of correction	CIES Dr	CIES Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
1	<p><b>Capital commitment</b></p> <p>We identified that the capital commitment in note 16 for LLangefni Link Road was overstated by £622,423 as this was also accrued for in assets held for construction</p> <p>.</p>	n/a	n/a	n/a	n/a
2	<p><b>Valuation of garages</b></p> <p>Garages revalued with increased yields applied – value reduced significantly, this will need changing in GL reducing from £11,389k to £3,500k.</p> <p>Dr Revaluation reserve £7,889k, Cr Fixed assets (garages) £7,889k.</p> <p>Please see Appendix 5 for further information.</p>			7,889	(7,889)
3	<p><b>Assets Held for Sale</b></p> <p>As a result of a review of the revaluation report we identified that the Caergyby asset held for sale was double-counted following its revaluation.</p> <p>Dr Revaluation Reserve £550k' Cr L&amp;B £550k.</p>			550	(550)

## Appendix 3 continued

	Nature of correction	CIES Dr	CIES Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
4	<p><b>Disposals</b></p> <p>As a result of our review of Note 7 Adjustments between accounting basis and funding basis, and Note 15 Non-current assets we identified that £77k was incorrectly coded to Dwelling disposals, as this class of disposals recorded in Note 15 are £362k, whilst Note 7 records the carrying amount of disposals as £285k.</p> <p>In addition, we identified that a £362k disposal value is also disclosed in the Housing Revenue Account (HRA) Income and Expenditure Statement.</p> <p>Dr Council Dwelling Disposals £77k, Cr Capital Adjustment Account £77k.</p>			77	(77)
5	<p><b>Asset Categorisation</b></p> <p>We identified during our testing of additions that in one instance an addition had been incorrectly categorised as an infrastructure addition rather than as an Assets Under Construction (AUC). The value of the individual asset sampled was £40,000 and upon further investigation as to whether any more assets relating to this project had been incorrectly categorised as Infrastructure rather than AUC, it was identified that a total of £888,425.34 had been categorised as Infrastructure rather than AUC.</p> <p>Dr AUC Additions £888k, Cr Infrastructure Additions £888k.</p>			888	(888)

## Appendix 3 continued

	Nature of correction	CIES Dr	CIES Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
6	<p><b>Social Services Cost Recognition</b></p> <p>Social services provide financial aid to a number of people in residential homes. The residential homes agree a set price with each resident under care, who pays their own contributions towards the residential home costs, with the net balance being covered by the Council via their creditors system. The Council receives "Schedule A" forms from the residential homes, which give details of the gross cost, client contributions and the net cost to the Council. The Council then amalgamates these figures every reporting period, and posts an adjustment to increase the net costs recognised by the amount contributed by the clients.</p> <p>The cost of residential care homes is chargeable in full to the residents. If individuals are assessed as needing a care home place and their capital is below £23,250, they may be entitled to financial support from their local authority.</p> <p>The residents pay their contributions directly to the care homes. The authority's contributions are based on the residents' individual circumstances and represent the balance of charges not paid by the residents. The net amount is paid by the authority and not the gross.</p> <p>The Council has recorded the gross cost of the residential care and also the residents contribution as income. The Council should have shown only the net cost to the Council as the residents pay their contribution directly to the Care Home.</p> <p>Dr Income £1,628k, Cr Expenditure £1,628k.</p>	1,628	(1,628)		

## Appendix 3 continued

	Nature of correction	CIES Dr	CIES Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
7	<p><b>Revaluations</b></p> <p>The Council has adopted a £30k threshold for the accounting of revaluation of changes in relation to Land and Buildings. It was noted that the collective total of the asset adjustment not posted was above our reporting threshold with a net total gain of £306k not posted by the client (Gross gains £328k and Gross losses £22k).</p> <p>Cr Fixed Assets £306k Dr Revaluation reserve £306k</p>			306	(306)
8	<p><b>Revenue Grants - Supporting People</b></p> <p>Internal invoices are required to be generated for services/work carried out in relation to the Supporting People grant. However, the departments of the council which were carrying out the work were not raising invoices as required and as a result a number of items of expenditure relating to the grant were accrued for. This had been taking place for a number of years and it has since come to light that the work accrued for has not actually taken place. The additional £238k of income was recognised as a result of this and the income has come from the general fund.</p> <p>Dr income £238k, Cr reserves £238k.</p>	238			(238)

## Appendix 3 continued

	Nature of correction	CIES Dr	CIES Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
9	<p><b>Equal Pay Provision</b></p> <p>The Council is holding a provision in relation to equal pay claims totalling £3,016k at 31 March 2016. We have received supporting working papers confirming estimated equal pay and HMRC costs of £2.151m and it was confirmed that the remainder of the provision was a prudent estimate to cover any additional claims. As a provision must be based on a reasonable estimate it has been agreed that an adjustment will be made to release £865k of this provision.</p> <p>Dr Provision £865k Cr General Reserve £865k</p>			865	(865)

*CIES – Comprehensive Income and Expenditure Statement*

*BS – Balance Sheet*

# Appendix 4

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## Recommendations arising from our 2015-16 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

### Matter arising 1 – Estates

<b>Findings</b>	As part of our financial audit we engaged a valuation expert to assist the audit team with testing the appropriateness of the IAS 19 disclosure. The expert valuer has raised a number of areas for improvements which we have set out separately in <a href="#">Appendix 5</a> .
<b>Priority</b>	Medium
<b>Recommendation</b>	Please see <a href="#">Appendix 5</a> .
<b>Benefits of implementing the recommendation</b>	To improve the quality and robustness of the valuation process.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management will review its processes and work through the detailed recommendations in Appendix 5
<b>Implementation date</b>	All improvements will be implemented by the end of March 2017.

### Matter arising 2 – IT General Controls - Segregation of Duties

<b>Findings</b>	We noted that one of the users on Civica is both a systems administrator and is also responsible for both uploading and approving journals. Good practice would be to segregate the system administration privileges from the transaction processing, and to also segregate the authorisation from the approval of general ledger journals. We understand that there are practical limitations which prevent further segregation of duties through the IT access rights at this time.
<b>Priority</b>	Medium
<b>Recommendation</b>	We recommend that there is investigation of whether a manual check in the business process could operate to ensure segregation of duties over posting of journals
<b>Benefits of implementing the recommendation</b>	Minimise the risk of fraud as a result of poor segregation of duties controls.



## Appendix 4 continued

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### Matter arising 2 – IT General Controls - Segregation of Duties

<b>Accepted in full by management</b>	Yes
<b>Management response</b>	An investigation and report on findings will be done
<b>Implementation date</b>	The review will be undertaken by the 31 <sup>st</sup> December 2016 and any subsequent changes will be implemented by the 31 <sup>st</sup> March 2017

### Matter arising 3 – IT General Controls - Starters, movers and leavers process

<b>Findings</b>	We identified areas where the starters/movers/leavers process may be more efficient. For example the monthly HR report which is circulated to system administrators is not also circulated to those responsible for administering the SX3 and Resource Link applications. We also noted that the report does not contain the employee's email address which would help with linking the network and the Civica accounts to make it easier to revoke the Civica account. In addition we noted that the movers process is reliant on line managers notifying each other of the move, whereas bringing movers into the starters/leavers process might help ensure a more complete and smoother flow of information. We understand that the forthcoming relaunch of Resource Link will provide the means to integrate workflow which will help to manage the starters/movers/leavers process, although this will be a significant project for the Council.
<b>Priority</b>	Low
<b>Recommendation</b>	We recommend that the monthly HR report is distributed more widely and include the email account details, and consideration given as to bringing movers into the current starters & leavers process.
<b>Benefits of implementing the recommendation</b>	Improve efficiency in the process to allow for the timelier processing of starters, leavers and movers.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management accept the recommendation and are currently reviewing and implementing changes to address this recommendation.
<b>Implementation date</b>	All improvements will be implemented by the end of March 2017.

## Appendix 4 continued

### Matter arising 4 – IT General Controls - Resource Link Access

<b>Findings</b>	On the Resource Link application, we identified that all members of the payroll team have supervisor access rather than having different levels of access to reflect different roles in the team. We further noted that strong password parameters are not enforced. Given the sensitive nature of the data held/accessed on this application and that amending the user access is not seen as practical due to certain days of the month when all of the team are required to have the wide-ranging access, it is important that access controls are strong – however we understand that a change is being applied to the application this month to bring in the functionality to set password strong parameters.
<b>Priority</b>	Medium
<b>Recommendation</b>	We recommend that this functionality is applied as early as possible to reduce the risk of the supervisor access accounts being compromised.
<b>Benefits of implementing the recommendation</b>	Reduce the risk of inappropriate access by members of staff to sensitive data, which may increase the risk of data loss, error or fraud.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management accept the recommendation and are currently reviewing and implementing changes to address this recommendation
<b>Implementation date</b>	All improvements will be implemented by the end of March 2017

### Matter arising 5 – IT General Controls -Resource Link System Access Audit Trail

<b>Findings</b>	For Resource Link we identified that the requests and approvals for user access were not retained, which meant that we were unable to trace users to authorisations for access.
<b>Priority</b>	Low
<b>Recommendation</b>	We recommend that these supporting emails and documents are retained for future reference.
<b>Benefits of implementing the recommendation</b>	Provide an audit trail of compliance with proscribed procedures.
<b>Accepted in full by management</b>	Yes

## Appendix 4 continued

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### Matter arising 5 – IT General Controls -Resource Link System Access Audit Trail continued

<b>Management response</b>	Management accept the recommendation and will make arrangements so that supporting documents are retained
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<b>Implementation date</b>	Immediately
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### Matter arising 6 – Available for Sale Assets

<b>Findings</b>	<p>Land at Ffordd Cambria Quarry was planned to be auctioned in August 2015, however, whilst preparing the legal pack, it was identified that the land wasn't registered to the Council.</p> <p>Subsequent to this we have noted that the land has since been registered on 12 August 2016 and we have verified that it is currently being advertised on Rightmove. However, as the land was not able to be sold at the year-end in its current state at the time, which meant it was still incorrectly categorised as Asset Held For Sale (AHFS). Note, due to the trivial impact on the accounts (£150,000 reclassification between AHFS and PPE), an adjustment is not proposed.</p>
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<b>Priority</b>	Low
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<b>Recommendation</b>	We recommend that before making any reclassifications of assets from PPE to AHFS, the responsible council staff should ensure that the assets meet all requirements of AHFS.
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<b>Benefits of implementing the recommendation</b>	If assets are correctly categorised this avoids posting adjustments during the audit period and making changes to the statutory accounts.
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<b>Accepted in full by management</b>	Yes.
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<b>Management response</b>	Processes will be reviewed and a checklist of the requirements for AHFS will be included within the working papers
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<b>Implementation date</b>	31 <sup>st</sup> March 2017
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## Appendix 4 continued

<b>Matter arising 7 – Bank Reconciliations</b>	
<b>Findings</b>	<p>We identified that bank reconciliations are not prepared for all bank accounts, and are instead prepared for only the General Account, Payments Accounts and No 2 Account. One bank reconciliation is prepared for all three accounts.</p> <p>In addition, we identified that the May 2015 bank reconciliation for bank account four was not reconciled until September 2015, and at the point of audit (March 2016) had not been reviewed by management.</p> <p>Finally, there are 8 HSBC accounts which are held and which have not been recognised as cash at the year-end totalling £9k. Whilst the amount is clearly trivial and we do not propose adjustment this is a control deficiency and all accounts held should be reconciled and recorded in the Council's financial statements.</p>
<b>Priority</b>	Medium
<b>Recommendation</b>	<p>It is recommended that separate general ledger codes are set up for each individual bank account held by the Council. It is further recommended that separate bank reconciliations are performed for every bank account on a monthly basis. Bank reconciliations should detail the general ledger balance for this account in comparison to the bank balance; adjustments required to match these two figures should be listed as individual line items.</p>
<b>Benefits of implementing the recommendation</b>	<p>There is the risk that where bank reconciliations are not prepared, discrepancies between cash at bank and the ledger cash figure will not be identified. There is also the risk that where one reconciliation is prepared for multiple accounts, it is not clear to which bank account reconciling items relate, increasing the chance of inaccuracies and again leading to potential unreconciled discrepancies between cash at bank and the general ledger cash figure.</p>
<b>Accepted in full by management</b>	Yes.
<b>Management response</b>	A full and thorough review of the Bank reconciliation process will be undertaken.
<b>Implementation date</b>	31 <sup>st</sup> March 2017

## Appendix 4 continued

<b>Matter arising 8 – General Ledger Reconciliations</b>	
<b>Findings</b>	<p>We identified that the reconciliations for both investments and borrowings are completed on a monthly basis between Logotech, the bank accounts and ledger. However, it is not noted when the reconciliation is performed or by whom (the reconciliation is a live spreadsheet that subsequent months are added to). Therefore we cannot assess the timeliness of the reconciliation and per our discussion with the finance team, and subsequently evidenced, there is no formal review by management of the reconciliations until year end.</p> <p>We also evidenced that the Housing Rent reconciliation between the general ledger and Orchard for June 2015 was not signed off by the preparer or reviewer. We noted per discussion with the client that the reason it had not been signed off was that they could not balance the reconciliation, and therefore did not want to send it for review. We noted that the reconciliation of over £400k was unbalanced by £19.93, which could be considered a trivial difference. If a threshold was adopted, the reconciliations could be reviewed in a timely manner, ensuring a functioning system of control.</p>
<b>Priority</b>	Medium
<b>Recommendation</b>	<p>It is recommended that all reconciliations for investments and borrowings record when they have been completed and reviewed.</p> <p>It is recommended that the Housing Rent reconciliation between the general ledger and Orchard is completed and reviewed in a timely manner. This should also be evidenced as being completed. IOACC should consider a tolerance threshold for reconciliations.</p>
<b>Benefits of implementing the recommendation</b>	Any non-reconciling differences or issues may be identified in a timely manner and so can be investigated and rectified if reconciliations are prepared and reviewed in a timely manner.
<b>Accepted in full by management</b>	Yes.
<b>Management response</b>	Management accept the recommendation and will make sure that all recommendations are completed
<b>Implementation date</b>	31 <sup>st</sup> March 2017

## Appendix 4 continued

### Matter arising 9 – Suspense Accounts

<b>Findings</b>	<p>We identified that there was an unallocated balance of £280 pounds in the suspense account on the 11 March 2016. This was made up of a small number of payments, including one for £250 from two years ago. As there is no reference on these payments, they can't be allocated and no one has subsequently come forward and claimed to have paid.</p> <p>In addition, in relation to testing of capital grants, we identified Beaumaris Pier capital grant income relating to the release of grant monies which was held in a suspense account which was unutilised and the related expenditure incurred was over and above the eligible expenditure limit per the Beaumaris Pier project. Per discussion with a Grants Co-ordinator of Beaumaris Pier capital grant he confirmed it was likely to be money set aside by Anglesey Council to go towards capital projects, however, no audit trail could be provided to provide us assurance of the source of the income.</p>
<b>Priority</b>	Low
<b>Recommendation</b>	It is recommended that all suspense accounts are reviewed and cleared in a timely manner.
<b>Benefits of implementing the recommendation</b>	As this income offsetting expenditure has not come from a project specific source there is a risk that this income is money is received from a third party source relating to a separate project and could be subject to repayment. If this income relates to Anglesey funds set aside for capital projects, it should not be recognised as revenue.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management accept the recommendation and a regular review of the suspense accounts will be undertaken
<b>Implementation date</b>	31 <sup>st</sup> March 2017

### Matter arising 10 – Payroll Exception Reports

<b>Findings</b>	We identified that when asked to view prior exception reports we were informed that these were not retained, and therefore evidence that this has been reviewed prior to the payroll BACs run is not available.
<b>Priority</b>	Low
<b>Recommendation</b>	It is recommended that exception reports are retained by the payroll department, and that they are signed and dated to show they have been approved prior to the Payroll run.
<b>Benefits of implementing the recommendation</b>	Ability to provide evidence that exception reports are run, reviewed and approved prior to the BACs payment.

## Appendix 4 continued

### Matter arising 10 – Payroll Exception Reports continued

<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management accept the recommendation and are currently reviewing and implementing changes to address this recommendation
<b>Implementation date</b>	All improvements will be implemented by the end of March 2017

### Matter arising 11 – Supporting Schedules for Statutory Accounts

<b>Findings</b>	<p>We identified in a number of instances working papers were not available, did not reconcile or did not fully support the note within the financial statements.</p> <p>The Waste Provision, for example, had no supporting calculations or other documentation.</p> <p>The fixed asset registers did not have details of brought-forward cost or accumulated depreciation, and had to be obtained separately. Additionally, the descriptions of a number of assets on the register (primarily infrastructure assets) were not sufficient to enable Council staff to effectively identify them without significant additional effort.</p> <p>We also had difficulties in obtaining working papers to complete our cash testing mainly relating to obtaining a complete list of bank accounts and accessing bank statements for the imprest accounts as these were held at specific sites. The reconciliations provided were not intuitive and Council staff were not able to explain exactly what was being reconciled i.e. how the account codes tied to actual bank accounts.</p> <p>Further, workings for Note 18b, which shows the analysis investment properties by type were not available.</p>
<b>Priority</b>	Low
<b>Recommendation</b>	It is recommended that all notes to the accounts should have full reconciling supporting working papers, which reconcile to the ledger and maintain a complete audit trail.
<b>Benefits of implementing the recommendation</b>	Enhance the efficiency of the audit process if all disclosures are supported by working papers.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management accepts the recommendation and will work towards making improvements
<b>Implementation date</b>	31 <sup>st</sup> March 2017

# Appendix 5

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## Estates related recommendation arising from our 2015-16 financial audit work

We set out all the estates related recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Title / Area	Finding and Recommendation	Management response
RICS Registered Valuer	<p>We identified that the Council's internal estates team valuers, and the specific valuer Barry Jones (Senior valuation officer) is appropriately qualified and appears to have the requisite experience to undertake the valuations. However it is noted that the valuer is not an RICS Registered Valuer. Whilst it is preferable that the valuer who undertakes the valuations is a RICS Registered Valuer, if the valuations are overseen by a RICS Register Valuer then this should be sufficient as long as there is a transparent auditable trail confirming that the valuations have been reviewed by an RICS Registered Valuer.</p> <p><b>It is recommended that</b> the valuer registers under the RICS scheme.</p>	<p>We are happy to undertake the recommendation set out and will for future years make arrangements so that either we have a valuer that is registered under the RICS Scheme internally but until such time we will make arrangements for a third party to review all valuations.</p>
Valuation Certificate Report	<p>Within the Council's Valuation Certificate Report the valuer has provided a very brief explanation of the various valuation bases or methods of valuation that has been adopted for the majority of the assets. However it is noted that no commentary is provided on the Housing Revenue Account (Council House Dwellings) valuations which makes up the majority of the valuations reported this year, by value. Nor is there any information on the Legal Charges or Surplus Assets valuations.</p> <p><b>It is recommended that</b> in future years that valuer ensures that their report provides commentary on the general valuation process and basis of valuation adopted for each asset class valued in the year.</p>	<p>We are happy to undertake the recommendation and will work with our valuations team to ensure that all recommendations are addressed.</p>



## Appendix 5 continued

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<p>Valuation Process</p>	<p>Following the review of the Valuation Certificate Report and after clarifying specific issues with the valuer we are satisfied that a full explanation of the general approach has been provided, however we would make the following observations and recommendations:</p> <ol style="list-style-type: none"><li>a. The valuer has confirmed that 'drive by' inspections of Council House Beacons and garages were undertaken this year otherwise inspections were not specifically undertaken for the asset valuation exercise. Whilst the valuer confirmed that they know the properties well and undertake inspections throughout the year in relation to their asset management mandate, <b>it is recommended that</b> a more extensive inspection programme is undertaken to ensure that all assets are inspected during the five year rolling valuation programme, including the internal inspection of sample Beacon Council Houses;</li><li>b. <b>It is recommended that</b> the Assets categorised as Investment, Surplus and Assets Held for Sale Assets are valued on an annual basis to ensure any value movement is captured, we understand the preparation of annual valuation of these assets has now been instigated;</li><li>c. It is noted that the valuer provides land and building value apportionments for each asset for depreciation purposes. However, in the case of the non-specialised assets, this land and building value apportionment is largely based on fixed percentages. Whilst this is a recognised approach <b>it is recommended that</b> the land value apportionment should be checked against land sales evidence to ensure that the land value/rate per acre is appropriate in each case;</li><li>d. The Council's componentisation policy is noted, however it is also noted that no or very few assets have been subject to componentisation this year, including the Council Houses which obviously represents a significant proportion of the Council's</li></ol>	<p>We will review our processes in order to meet all the recommendations identified.</p>
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## Appendix 5 continued

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property portfolio by value. Furthermore we understand that where similar components exist in large number of analogous assets and whilst on an individual basis may not be material but collectively they would have a material impact on depreciation they should be separately depreciated. We consider that this situation will apply to the Council House assets and therefore **we would recommend that** the Council's current policy on componentisation is reviewed for both the Council Houses and the non-domestic assets, to ensure that an appropriate percentage of assets are componentised each year to make sure that depreciation may be more accurately accounted for;

- e. We understand that the valuer did not consider the economic useful lives as part of his valuation of the Council Houses. We presume the provision of this information will be required by Finance to determine the depreciation position on the Housing Stock. Accordingly **we would recommend that** the Council's Finance team ensures that they obtain economic useful lives for each relevant assets as part of the valuation output each year;
- f. The valuer's overall approach in the valuation of the Council Housing Stock is in line with guidance provided by The Department for Communities and Local Government (DCLG) Guidance- Stock Valuation for Resource Accounting- Guidance for Valuers 2010. However as this guidance is dated we would have expected the valuer to undertake some analysis to determine whether the adjustment factor adopted in their valuation is appropriate, particularly as it is derived from housing stock in a different geographical location. It is noted that the valuer has sought guidance on this matter and has confirmed that the adjustment factor of 31% (Yorkshire & Humberside) was selected after various meetings and discussions with previous auditors and valuers of other Welsh

## Appendix 5 continued

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authorities. The valuer has also confirmed that it was concluded that the Yorkshire & Humberside is more geographically similar with similar property values compared to other areas of England. **However we would recommend that** in the future the valuer undertakes further research and analysis to determine whether the adjustment factor is appropriate. (The adjustment factor is a measure of the difference between private open market rented and socially rented property within the Local Authority area. It is the discount which, when applied to the cumulative total of all Beacon values, gives rise to the Existing Use Value-Social Housing for the housing stock. The adjustment factor, therefore, is the relationship between the capitalised net rent (investment value) of private dwellings and the equivalent public sector investment. It is determined with reference to the relationship between rents and yields in the private residential sector and the public / socially rented sector);

- g. For assets valued using the Depreciated Replacement Cost (DRC) approach, (specialised assets) we note that the valuer has confirmed that the valuations are provided exclusive of VAT. This approach assumes that the Council can reclaim the VAT on build costs. It would be useful if the valuer verifies the position on VAT each year and provides commentary on this issue in the valuation report i.e. that it has been confirmed that VAT can be recovered on new build costs for each of the assets valued this year on the DRC basis;
- h. The valuer has confirmed that he has not provided details of the costs of sale for the assets categorised as Assets Held for Sale as the Council acts in the sale for these assets. We would comment that it is more common that the hypothetical costs of disposal are also stated together with the valuation for these assets, irrespective of whether the Council acts in the sale or not; and

## Appendix 5 continued

	<p>i. We understand in previous years issues may have arisen with valuations being provided for assets which were no longer in the Council's ownership. <b>We would recommend that</b> that the valuer undertakes all the necessary checks to ensure the list of Surplus and Assets Held for Sale is accurate and this is verified to the Council's Finance team and commented upon in the valuation report.</p>	
<p>Valuation of garage / lockup assets</p>	<p>Following our review of the valuer's Valuation Certificate Report and our follow up questions raised we identified an issue with the valuation of the garage/lockup assets. We have provided a summary of the issue identified below together the resolution which has been agreed with the Council's valuer and Finance team:</p> <p>a) It is noted that following our questioning that the valuer confirmed that there was an error in the valuation of the garage assets and that the valuer has confirmed that the reported total value should be £10,175,100 as opposed to £11,388,640 as originally reported. Furthermore we had concerns over the valuation of the garages as the valuer had confirmed that the valuation of these garages reflected a range of £8,000 to £30,000 with an overall average of c. £15,000 per garage. Whilst the figures appear to be supported by the limited sales evidence of garages provided by the valuer, we identified garages which are currently being marketed at substantially lower prices. In addition the values for Isle of Anglesey garages are substantially higher than any Local Authority garage/lockup valuations we have reviewed or valued across the UK.</p> <p>b) If the garages are classified as Investment Assets then a purely Market Value approach might be appropriate (based on sales evidence which may reflect development potential, i.e. highest and best use). However we understand the garages are categorised as Operational, PPE. Given this categorisation we consider</p>	<p>We are happy to accept the recommendations and we will work with our Property department to ensure all recommendations are undertaken.</p>

## Appendix 5 continued

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that the garages should be valued on an Existing Use Value basis reflecting the fact that they will be retained for use as garages and that the valuations should be principally be based on the relatively modest rental income received (c. £7.41 per week per garage), as opposed to a value based on the potential sale of individual garages.

- c) The valuer's adopted yields of 2% (let garages) and 3% (vacant garages) have principally be determined to support his view of the Market Values of garages as opposed to an Existing Use Value and we understand these yields cannot be supported by sales evidence of similarly let investments. Accordingly on the basis that these garages are categorised as Operational, PPE then we believe that higher yields should be adopted. We collated information on the valuation of other Local Authority garages and details of a number of garages which are currently for sale in Anglesey and this was provided to the valuer further support our view that the valuation of the garages were overstated and to provide some assistance to the valuer in reviewing their approach and valuation of these assets.
- d) It is up to the Council's valuers to determine the valuation of these assets but a value equating to an average range of £3,000 to £7,000 per garage would be more consistent with other Local Authority garage/lock up values, and the asking prices for lock-ups in Anglesey which we have researched. The valuation of the garages was discussed further in a joint conference call with, Audit, the Council's Finance contact (Claire Klimaszewski) and the valuer (20 July 2016) and it was agreed that the valuer would review their valuation approach. The valuer has subsequently confirmed that the valuation of the garages have been revised to £3,500,800. This equates to an average value of £4,558 per garage (768 garages). We consider this is more in line with the level of values determined on other Local

## Appendix 5 continued

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	<p>Authority garage/lockup valuations and therefore we can confirm that as this adjustment has been made, we have no further issues.</p> <p>e) It was also noted that the valuer appraised the value the garages on a 'cluster' basis, based upon the location of the garages. In a small number of cases the value of specific garage 'clusters' fell below the Council's de-minimus valuation threshold of £30,000, due to the small number of garage clusters being in a particular location. Originally the values of these garages were not reported as the total value fell below the de-minimus threshold. Given the nature of these assets it was agreed that the value of all the garages should be reported, even if a specific cluster or group of garage assets fell below the threshold. Based on the valuer's original valuation the total value garages which were deemed de-minimus was c. £110,000. Clearly adopting the revised valuation approach this figure would be significantly higher therefore it was agreed by all parties that reporting the total value of this asset group would be appropriate, irrespective of whether the value of certain group of garages fell below the di-minimus threshold. We consider that this approach, adopted for this specific group of assets, is appropriate.</p>	
Valuation Sampling Exercise	<p>In the asset valuation sampling exercise we have noted a number of non-material issues and we would recommend that the following points are raised with the valuer to ensure the valuation approach is refined in future valuations:</p> <p>a. It is noted that the valuer has added a contingency allowance of 10% to the build costs for Specialised Assets valued on a Depreciated Replacement Cost (DRC) basis. Whilst the approach adopted in DRC valuations is not prescriptive, a contingency addition of 10% is at the highest end of a range we would expect. Typically contingency costs are taken a 5% of build costs but we</p>	<p>We are happy to accept the recommendation and will adjust our processes to involve this exercise.</p>

## Appendix 5 continued

	<p>are also aware that there is a valid argument that no contingency costs would be incurred as it is often assumed that no unforeseen costs would be incurred when building a hypothetical replacement asset; and</p> <p>b. The valuer has adopted set percentages to determine building and land value apportionments. Whilst a recognised approach we would recommend that in future years the resulting land valuations are checked on a rate per acre basis to verify that the land values fall within a reasonable range.</p>	
<p>Valuer assumptions and caveats</p>	<p>The general assumptions and caveats adopted for this asset valuation and as set out in the valuer's report are on the whole appropriate for the purposes of an asset valuation for financial reporting purposes however the Council's Finance team should review these each year to ensure that valuations prepared subject to those assumptions and caveats are appropriate for their requirements.</p>	<p>We are happy to undertake this recommendation and will ensure that the review is documented.</p>
<p>Unified valuations workings</p>	<p>Currently valuations workings are performed on numerous working papers, with no history of previous revaluations utilised. As such, each movement in value has to be checked against the specific asset balance on the CIPFA fixed asset register, to verify whether or not the asset has a b/fwd revaluation reserve balance or whether previous losses have been charged in the I&amp;E.</p> <p><b>It is recommended</b> that all fixed asset revaluations are analysed on a single spreadsheet, and that the spreadsheet keeps track of all movements in the previous years. Example of columns:</p> <ol style="list-style-type: none"> <li>1. Asset name / reference / type,</li> <li>2. Cumulative movements up to 2015/16 (giving a revaluation reserve or an I&amp;E charge balance brought forward, with the RR amount reconciling to the b/fwd revaluation reserve amount),</li> <li>3. Value before revaluation, revalued amount, movement, movement posted to RR (depending on the cumulative</li> </ol>	<p>We are happy to undertake this recommendation and will arrange so that the fixed assets are analysed on a single spreadsheet which will track all of the movements.</p>

## Appendix 5 continued

	<p>balance), movement posted to CIES (depending on the cumulative balance),</p> <p>4. Closing RR (this being b/fwd RR + movement noted above), Closing I&amp;E (b/fwd + movement). The final two columns would become "Cumulative movements up to 2016/17" to be used in next year's workings, with the closing RR balance reconciling to the actual reserve as noted on the MIRS.</p>	
Housing stock on the fixed asset register	<p>Currently dwellings and garages are posted as a single entry on the CIPFA fixed asset register.</p> <p>This results in any revaluation movements to individual garages or dwellings being allocated against a "pool" revaluation reserve balance / previous I&amp;E charge.</p> <p>As these categories of assets form a significant part of the Council's balance sheet, <b>it is recommended</b> that all such assets be itemized on the fixed asset register to allow specific revaluations entries to be made.</p>	We are happy with this recommendation and will proceed to have the assets itemized on the fixed asset register.
Housing stock reconciliation	<p>During our review of the HRA statements, it was noted that the numbers disclosed as Council owned stock (3,788) do not agree to the number noted as part of our fixed assets testing (3,795). While we conclude that the difference noted in the HRA disclosure is not significant, <b>it is recommended</b> that the Capital assets accountant liaises with the HRA accountant on a regular basis to ensure that the Council's records of controlled assets are accurate and that any re-categorisations, write-offs or disposals are effectively communicated.</p>	We are happy to accept this recommendation and will make arrangements so that regular meetings will be set up between the Accountants.
Identification and verification of Infrastructure assets	<p>Our testing identified three infrastructure assets totalling £5,336k which could not be identified or verified due to a lack of supporting working papers. These assets are:</p> <ul style="list-style-type: none"> <li>• Infrastructure 2 INFRA00085 - £4,098k;</li> <li>• Capitalised Highways Maintenance INFRA00084 -£200k; and</li> <li>• Local Roads Grant Schemes INFRA00194 - £1,038k.</li> </ul>	We are happy to accept the recommendation and improvements to working papers will be made in time for the 2016/17 Statement of Accounts.



## Appendix 5 continued

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	<p><b>It is recommended</b> that the Council identifies and maintains sufficient records for the assets it owns/ controls, especially given that in 2016/17 there will be a requirement to carry such assets at fair value.</p>	
Reconciliation of the revaluation reserve balances	<p>Due to historical errors involving the FAR module, in relation to the de-recognition of Land and Buildings and Council Dwelling additions where these would be entered into the FAR as an "Impairment", which would trigger the release of any Revaluation Reserve (RR) balance against the asset. The correct treatment would have been to take the additions directly to the CIES, without impacting the reserves.</p> <p>The reason these additions would be written-off was because they are not seen as value-adding to the existing capital items.</p> <p>Over time, this had resulted in a discrepancy between the RR records on the General Ledger (GL) and the FAR, with the RR balance on the FAR being lower than the GL balance.</p> <p>As the revaluation calculations are based on the CIPFA FAR amounts (which may include incorrect b/fwd RR balances), the in-year postings relating to upwards or downwards revaluations may be calculated incorrectly.</p> <p><b>It is recommended that the Council</b> ensure the GL and FAR are reconciled.</p>	We are happy to accept the recommendation and will ensure that all recommendations are done in a timely manner.



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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>The Council</b>
<b>DATE:</b>	<b>27 September, 2016</b>
<b>TITLE OF REPORT:</b>	<b>Statutory Annual Report by Director of Social Services (Statutory Director of Social Services) 2016</b>
<b>Lead Officer:</b>	<b>Dr Caroline Turner, Director of Social Services</b>
<b>Portfolio Holder:</b>	<b>Councillor Aled Morris Jones</b>

### **Nature and reason for reporting**

To receive the report by the Statutory Director and to facilitate public awareness and accountability of the performance and progress of Social Services for the Isle of Anglesey.

### **Background**

The overview report presented to the Council forms part of the statutory performance cycle for Social Services in Wales. The aim of the Annual Director's Report is to provide the Council, and people living in Anglesey, with an overview of how well we are delivering our social care responsibilities.

The process involves the completion of the overview report along with critical appraisal of all service areas including 'analysis grids' which identify what it is that we are trying to do and how well we are doing it and what the outcome has been for the service user.

The comments and judgement in these grids are based on information gathered from a wide range of sources: some statistical data and other information from our service users, carers and key partners.

A constructive challenge session was held on the 25<sup>th</sup> May 2016 with our partners with services reporting on their business plans and end of year performance.

# Ynys Môn

THE ISLE OF

# Anglesey



Annual Director's Report on the  
Effectiveness of  
Social Care Services 2015-16



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## Director's Introduction



**Dr. Caroline Turner, Director of Social Services, Assistant Chief Executive**

### Introduction

I am pleased to publish my first report as Statutory Director of Social Services, following my designation in January 2016. I wish to thank all who have contributed to the work of Social Services in Anglesey over the past year, including the previous Director, Gwen Carrington, who retired in December 2015. I took up my responsibilities at a crucial time as we prepared to implement the provisions of the Social Services and Wellbeing Act (Wales) 2014 from April 2016 onwards, whilst balancing significant increases in demand for our services at a time of budget constraints for us and for our partners across all sectors.

The purpose of the report is to share information on the performance and effectiveness of Adult and Children's Social Services in Anglesey during 2015-16. The progress made is a reflection of the contribution made by staff in both services, as well as those of other services within the local authority, in particular Education and Housing. It is also a reflection of the support provided by carers, as well as the contribution made by service providers in the voluntary sector and in the private sector. A key element of our success is the strength of our long-standing collaboration with colleagues in Betsi Cadwaladr University Health Board, joint working arrangements with the five other local authorities across North Wales, and effective partnership working with North Wales Police, the Youth Justice Service, Bangor University and other partners.

This report outlines our response and progress against the areas the Care and Social Services Inspectorate for Wales (CSSIW) identified for improvement in their Annual Performance Evaluation for 2014-15. One of the key comments made by CSSIW was that "The council is aware of the risks within children's services where improvement is fragile". These comments reflect criticism of some elements of practice in Children's Services by the Judiciary and by CAF/CASS during the Autumn of 2015. The Performance Indicators for the service also indicated areas that needed to be improved. The service lost experienced staff during the year, and failed to recruit Social Workers, which added to the pressures on the service. The increase in demand, combined with retention and recruitment difficulties, had an impact on our Performance Indicators during the latter half of 2015-16. I have therefore prioritised this area in recent months, focusing on understanding the issues, raising the awareness of the Senior Management Team and the Executive, secured additional resource, and oversaw the development of an Improvement Plan for Children's Services. We have recently set up a cross-party Panel of Senior Elected Members to monitor the implementation of the Children's Services Improvement Plan. The Local Authority has undoubtedly achieved improvements in its Children Services over the years, and we are confident of its ability to build on this success. The service experienced demonstrable increase in demand during the year, and the Local Authority has invested additional resources in the Children Services. The service responded positively to the lessons from its Quality Assurance function and the external reviews of practice including the Extended Child Practice Reviews into incidents that occurred in 2013. The service invested considerable effort into improving its arrangements under the Public Law Outline, during the year.

Despite the challenges of increased demand and recruitment and retention of staff, Children's Services has made significant progress during the year in improving its processes and practice. The Improvement Plan is already having an impact on our compliance with the Public Law Outline. I expect to see the actions outlined in the Improvement Plan making a real difference across our work in support of children who require a managed support and care plan and children who are looked after from 2016-17 onwards. During January 2016 the Fostering and Adoption Team were inspected by CSSIW, and it was reassuring to see that they concluded that the service is providing a good quality of life for the children who use the service, which is a reflection of the improvements made within this area of work over the past two years. We were particularly proud to host the *Anglesey STARS Awards* during the year to celebrate the achievements of Anglesey's Looked After Children. During the Challenge Meeting in May it was reassuring to hear our partners praising improvements in Learning Disability Transition, as well as in the information provided to children and young people and to their parents and carers; the service provided by Canolfan Addysg Y Bont was also praised.

This report summarises performance against those priorities we identified in the Isle of Anglesey County Council's Annual Delivery Document (Improvement Plan), which highlights the Transformation of Older Adult Social Care as one of seven priorities for the period 2013-2017. In line with national policy, we're placing much more emphasis on enabling older people to remain independent for much longer, able to draw on support from strong communities, and assisted to live at home wherever possible; this includes working with housing providers to significantly expand the provision of Extra Care across the island over the next few years. We're also changing our provision for those where living at home is no longer an option, working with private sector providers and Betsi Cadwaladr University Health Board to increase the capacity for Elderly Mentally Ill (EMI) Nursing provision. Participants in the annual Challenge Meeting praised the effective service provided by the co-located Mental Health team, the engagement that has taken place in the Seiriol area in relation to strengthening Community support for older people, the service provided by the Care and Repair service, the newly-established Nightowls service in Holyhead, and the effectiveness of the service provided by the Third Sector Single Point of Access which has been supported by Adult Services.

As a small local authority, and at a time of continued budgetary constraints, it is vital that we pool resources and share expertise. During 2015-16 we established a number of joint working arrangements across Adult and Children's services within Anglesey. One example of this is the new Safeguarding Unit, which co-ordinates our work on Quality Assurance; over the next year we will improve the Unit's capacity to advise on improving our policies and processes. We work jointly with Gwynedd County Council and Betsi Cadwaladr University Health Board in providing a highly skilled, multi-disciplinary IFSS team to intervene with families who present a high level of need and risk due to parental/carer alcohol and substance misuse; this team is delivering sustained improvements to the families that it support, enabling children to remain safely with their families in most cases. We also work with a range of partners to provide a Youth Justice Service which provides a range of interventions and services to young people who have offended and those at risk of offending; this team is also able to demonstrate its effectiveness, with a significant reduction in offending and re-offending by young people in recent years. These specialist teams are in addition to long-established multi-disciplinary teams jointly funded and staffed by Betsi Cadwaladr University Health Board and the Isle of Anglesey County Council in the areas of Mental Health, Learning Disabilities, and with Social Workers based in GPs Surgeries as part of Model Môn.

We are participating in the preparation of the Population Needs Assessment for North Wales, which should be completed by the end of 2016, and the data and analysis should enable us to



plan more effectively for the needs of our residents and communities in future years. For Children's Services, the priority for 2016-17 is the implementation of the Improvement Plan, whilst we are also planning to implement an improved Information, Advice and Assistance Service, develop our preventative services, strengthen our capacity to work intensively with families, and ensuring that our programmes to support vulnerable families and communities are better co-ordinated. For Adult Services, we are working on a new Strategy for Older People, will continue to plan and roll out Extra Care facilities, work with Betsi Cadwaladr to implement changes to EMI Nursing provision, and also re-tender our domiciliary care contracts; we will also begin the work of scoping work on modernising Mental Health and Learning Disabilities services.

For both Adult and Children's services, improved recruitment and retention of staff is a challenge and a priority, both within our services and for some of our service providers; we are therefore working on a Workforce Strategy to include improved recruitment, training and retention within the local authority. This will be particularly important as a number of private sector developers are planning large-scale energy and leisure developments in Anglesey, leading to a sudden increase in population that may place significant demands on our services over the next decade, and may well compete to attract people currently working in the social care sector. Work has already begun to establish base-lines, work out likely impacts and the mitigation measures that we need to put in place. It is vital that we and our partners plan now to reduce risks to services and our workforce in future years; we will continue the work of professionalising the social care workforce in Anglesey and providing clearer career paths and progression routes for those working across all sectors.

Over the forthcoming year we will be strengthening our corporate commitment to safeguarding, with every Head of Services expected to address this requirement as part of their personal objectives for 2016-17; the membership of our Corporate Safeguarding Board has already been extended to include senior officials from Housing and Leisure. We're also ensuring that every Head of Service and all Elected Members understand the provisions of the Social Services and Wellbeing Act (Wales) 2014, with regular briefings on the provisions of the Act and what this means for our staff and partners in terms of changing practice and procedures. This should strengthen the authority's capacity to scrutinise social services effectively as we prepare for changes in inspection arrangements flowing from the Regulation and Inspection of Social Care (Wales) Act 2016.



## Adults' Services



### **Alwyn Rhys Jones, Head of Adults' Services**

#### **1. Introduction**

Adult Social Care in Anglesey County Council is committed to supporting adults of all ages to maintain an independent life and make a valuable contribution to society. In so doing we are also focused on safeguarding the interest of adults requiring our support from all forms of abuse.

Most adults have a wealth of support both within their communities, within their personal relationships and within their families and are able to maintain their role in society within this context. It is only when these networks of support, and the individual strengths of a person are not sufficient to maintain their independence and dignity that Adult Social Care can and should support an adult.

Adults' Services support adults who have a wide range of needs. These include:-

- Individuals who require advice and signposting to support within their local community or third sector either through day-to-day community groups or through preventative support within communities
- Individuals who require short term support following a change in their circumstances
- Individuals with disabilities or long term health conditions leading to complex needs whether that be associated with lifelong physical and/or sensory disabilities, age related disability/health condition, a learning disability or a mental health condition.
- Carers for others, who either require support or advice or occasional or ongoing support to maintain their roles as carers.

Therefore, my report should be read in the context, of providing a specific range of support to adults within the continuum of wellbeing. The support provided may include:-

1. Assistance and Advice to access local services and support. This is invariably provided through the department's Single Point of Access
2. Professional Social Work or Occupational Therapy Assessments
3. Short term and occasional support in the form of reablement, respite care on either a day care or residential care basis, or property adaptations to support independent living
4. Medium term support in the form of Mental Health Recovery support
5. Long Term support in the form of home care, extra care housing, residential/ nursing care and housing with support.

Services listed 1 and 2 are provided by staff employed by the local authority based within the Council offices in Llangefni. Services noted 3, 4 and 5 are ones that the council both provide through its managed services but also commission (buy) through a wide range of independent and voluntary sector providers. The Council's own services include:-

- 6 residential care homes
- 3 Learning Disability Resource Centres
- 1 Older Persons Day Centre
- 2 work opportunity schemes for individuals with a disability
- 1 work opportunity scheme for individuals with mental health illness
- Domiciliary Care in the community, including the provision of time-limited reablement support services
- Care and support to 3 supported living houses in the community
- A team of mental health support workers in the community
- Telecare
- 1 Supported Living house for individuals with mental health conditions
- Dementia Support workers.

An individual who comes into contact with Adult Services should :-

- Have improved physical and mental health and emotional well-being
- Be protected from abuse or neglect or suffering significant harm
- Have access to education, training and recreation
- Improved domestic, family and personal relationships
- Be able to contribute to society
- Secure their personal rights and entitlements
- Have improved social and economic wellbeing
- Live in suitable accommodation.

The Regulators' Performance Evaluation Report for 2014/15 recognizes the positive developments within the Adults Service, drawing specific attention to the following areas:-

- Engagement with communities
- Transforming services
- Number of carers supported.



The report also highlighted the need for the Local Authority to improve in the following areas:-

- Evaluating the impact of service modernisation
- Modernisation of services for people with learning disabilities
- Commissioning and monitoring of services
- Mental Health joint working and pooled budgets.

## **2. Social Services and Wellbeing (Wales) Act 2014 – Wellbeing for Adults and Sustainable Social Care for the Future**

I commenced this report by defining the role of the Adults' Services and the role that we can play in supporting people within their communities. As noted by the Head of Children's Services this is a period of major change and the work we are currently doing to both maintain and improve services should be considered in the context of the changes that we need to implement with the arrival of the Social Services and Wellbeing (Wales) Act 2014.

Anglesey County Council Adults' Services recognises more than ever the need to provide a model of social care for the future which meets the needs of the population, responds to the act and places people at the centre of decisions affecting their futures.

In this regard it is also important to understand the changes in our local population which will affect the need for services. These changes include:

- The total number of people over 65 years of age will increase by 39% by 2030. (Source: Anglesey Info base; Older People's Needs Assessment 2013-2033 Accommodation and Related Support Report published by the Housing and Support Partnership in 2013)
- The number of people over the age of 75 living with a long term illness will increase by 75% by 2030. (Source: Daffodil Cymru Website)

The positive changes in our demography means that more of us are living to older ages with chronic conditions, and individuals with learning disabilities are living healthy and fulfilled lives. Similarly, there is a gradual increase in those requiring support in communities with mental health conditions. This means that the changes we make now are essential in the context of delivering a sustainable future for social care.

Below are a number of the key changes that the Social Services & Wellbeing (Wales) Act 2014, will bring and the early steps we have taken in Anglesey to respond.

Changes Required	Anglesey Response
<p>More Information and Advice will be available</p>	<p>We have developed a local Single Point of Access since 2013. At present the service acts as a referral point to all community based health &amp; social care services. Over the last 12 months the service has gradually changed to offer a greater range of advice and information to individuals, often able to direct people to support within their own communities.</p> <p>In addition to the SPOA, the council have worked with our Voluntary Sector Partner Medrwn Môn to develop LINC Cymunedol Môn. This is a contact point within Medrwn Mon which is able to direct people to support and services within the Third Sector or their own communities. People may simply be directed to their local community centre, to a local befriending service or to a range of other facilities.</p> <p>Anglesey has also been a key partner in the development of the DEWIS website. This is a national development piloted in North Wales but now due for a national roll-out. It allows locally delivered community groups and services to upload their information to this website. It allows people to gain access to simple and up to date information about the services available locally.</p>
<p>People will have more control over the support they need and will be equal partners in care</p>	<p>Future assessments will be based on a different type of conversation, with individual asked “What matters to them”. Locally we have worked with our Local Authority &amp; Health partners to develop a new assessment framework which will be implemented from April 2016.</p> <p>This new assessment will focus on the strengths an individual has, the outcome they wish to achieve, the risks to achieving those and how a co-produced solution can be achieved.</p>
<p>Preventative Services will be available to prevent escalation of an individual’s needs</p>	<p>Prevention has been at the heart of our model in Anglesey for some time. Reablement services have been introduced since 2008 offering short-term home care and therapy support to allow people to recover. In 2015/16 over 400 people received support from our reablement service; of those nearly half required no ongoing support following reablement and were directed to community services at the cessation of support.</p> <p>In addition, a range of other preventative services exist. These</p>

include Age-well Hwyllog Môn, Intermediate Care Services, Parable, Hafal, Homeshare & Telecare.

In recognising that a managed care and support plan will not always be the right answer for people, Anglesey County Council has also committed a significant level of time and resource in local community development. In the Seiriol Area of Anglesey a model of Local Area Co-ordination has been in place since 2014. LAC has had direct intervention with 65 people, providing community based solutions by adopting a community asset approach. There is also the added value of promoting preventive approaches with community groups, supporting people who attend the community hubs, along with partnership working with GP practices to promote a social prescribing model. There is a marked increase in citizenship hours in the ward, totalling on average 508 hours annually in the form of participation in the community and volunteering, with 44 hours per week volunteering and leading sessions within our community hubs in the area.

The Council has also shown its commitment through supporting the development and extension of hubs within communities offering events to improve wellbeing. The Agewell Hwyllog Môn Centres in Amlwch and Llangefni, and further developments in Seiriol and Llanfairpwll, illustrate the strength of local communities.

As an authority we recognise that the Act and the challenges and opportunities it offers to us both now and into the future, will be crucial in providing those people who need our help with the right wellbeing outcomes. The level of cultural change which is required should not be underestimated.

### **3. Adults' Services – Looking Back at 2015/16**

Adults' Services, both through the staff we employ directly and those employed through our commissioned services, always aim to ensure that we support people to maintain their independence. In so doing we must always ensure that we maintain support and services to those people who have traditionally received our services, whilst at the same time ensuring that we focus on improving the way we work and maintaining services that are sustainable into the future.



### 3.1 The number of people we are supporting and those new people who accessed our services in 2015/16

	2013/14	2014/15	2015/16
No of adults receiving a service on 31 March	1,795	1,707	1,588
New carers' assessments undertaken	403	521	512
Hours of domiciliary care commissioned	247,005	247,073	279,331
People provided with residential/nursing home care	690	659	651
Reviews undertaken	941	971	939
People provided with a re-ablement service	438	500	429
Direct Payments	42	55	68

Our focus on supporting individuals with short-term preventative services and directing individuals to support within their communities is evidenced in the trends noted in this chart. A gradual decrease in the number of people being provided with ongoing services from the Council is noted; however, at the same time as the number of people receiving care in a residential and nursing home placement is falling, the level of domiciliary care provided to support people to remain at home is increasing significantly.

We are pleased that the number of carers assessments undertaken has risen, emphasizing our commitment to supporting carers to maintain their roles. Likewise, the level of people choosing to manage their care through a direct payment is rising, as can be seen in the below table. We hope to support further increases in these areas in 2016/17.

### Number of clients choosing to manage their care through direct payments:

Year	Number of Clients
2012/13	33
2013/14	42
2014/15	55
2015/16	68

### 3.2 What you told us about our services

We gather the views of the public regarding our services in a number of ways. One method of doing this is recording the number of compliments and complaints we receive regarding the support and services we offer. A total of 151 compliments were received for Adults' Services in 2015/16; this is higher than last year's total of 110. Of the 151 positive comments received by Adults' Services, 4 were from other professionals, while 147 were from service users or their family members. The positive comments were categorised as follows:

Adults' Services	
Residential Care	110
Home Care	20
Adults North Team	4
Adults South Team	4
Physical and Sensory Disabilities Team	7
Learning Disabilities Team	1
Client Finance Team	1
Senior Management	1
Contracts Team	2
Positive comments regarding more than one team	1
<b>Total</b>	<b>151</b>

Examples of positive comments received are as follows:



*“They are like angels visiting every day and providing an excellent service, they are always smiling and cheerful and they brighten up the day.” – Môn Care*

*“Your help has made it possible for me to continue to live at home. Thank you.” – Physical Disabilities*

*“Staff are professional, caring, dedicated and go over and above to make sure that everyone is OK.” – Residential Care*

*“Thanks for all your very professional assistance – processing all the plethora of documentation and administration... facilitating a care home – you are to be lauded by your profession” – Adults South Team*

*“Unfailingly sensitive of the family dynamics, has supported our needs and worked incredibly hard on our behalf” – Adults North Team*

A total of 12 negative comments / concerns were received by the Complaints Officer during the year regarding Adults’ Services. The 12 negative comments were categorised as follows:

<b>Adults’ Services</b>	
Physical Disabilities	1
Learning Disabilities	0
Residential Care	4
Adults North Team	4
Adults South Team	2
Client Finance	0
Duty	0
Home Care	1
Mental Health	0
<b>Total</b>	<b>12</b>

We consider feedback from service users to be very important and aim to learn and strengthen practice and service delivery as a result.

### 3.3 Other Communication

During 2015/16 a number of Consultation events have assisted us to gather views on key topics such as:-

- Gwelfor - A consultation event held in the locality assisted us to shape ideas, and to support the development of the community hub within Gwelfor Community Centre. Ideas were also shared on the best use of available Intermediate Care funding to develop the service to meet the wellbeing outcomes of the community.
- Haulfre- A consultation event was held regarding the future of Haulfre Residential Home. This provided a sound platform for the Executive to make decisions. Following the consultation a decision was made to maintain the home in the short term, with the Council committing to capital spend to improve the home, whilst committing to find a location for Extra Care in the locality. We consider this to have been a successful consultation exercise regarding a particularly sensitive issue.
- Direct Payments- Engagement has occurred with individuals who utilise direct payments and others to consider how the service should be strengthened in the future. This process has informed our ambition to relaunch and strengthen Direct Payments support during 2016/17.

Various consultation events over the past twelve months have assisted us to gather views on key topics, such as transport, media and technology, local knowledge and information, housing needs and health matters.

We consider ourselves to be fortunate as Medrwn Môn's Lleisiau Lleol project aims to enhance and strengthen links between communities and service providers, and increase the capacity of individuals to participate in service delivery and design, to support improved services on Anglesey. The Lleisiau Lleol project has been central to a number of the consultations that have occurred and in our view has strengthened our ability to engage in 2015/16.

### 3.4 Performance of services against national indicators

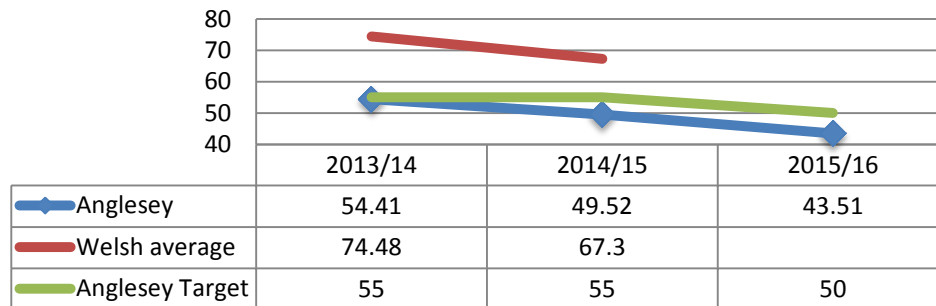
Our performance against core national indicators are shown on page 37.

Overall we are pleased to report that a number of the indicators, including individuals whose care plans have been updated, carers offered an assessment and the percentage of individuals subject to the safeguarding process where risks have been managed have risen.

We have suffered a significant fall in our performance against Delayed Transfers of Care, and we recognise a need to address this in 2016/17.

Specific performance indicators and trends are shown below:

**SCA/002a: The rate of older people (aged 65 or over): Supported in the community per 1,000 population aged 65 or over at 31 March**  
**Pi target - Low number (Nationally - High number)**

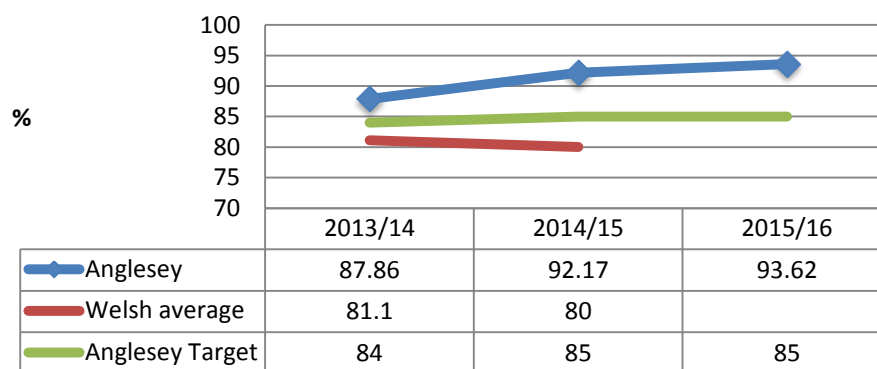


The story behind the performance:

The rate of older people we support in the community has dropped against an increasing older population. Our local direction of travel mirrors national policy and direction, with a stronger emphasis being put on short term preventative services and a focus on support within communities.

Information giving, signposting and empowerment at our access points is having a direct impact on the numbers of adults receiving a service from us.

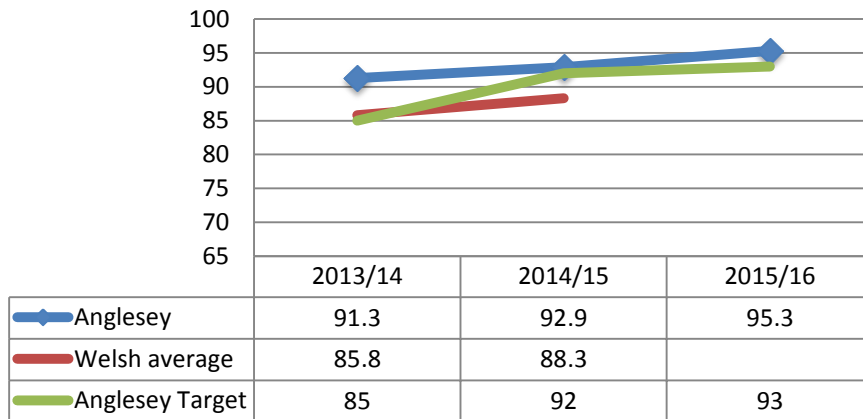
**SCA/007: The percentage of clients with a care plan at 31 March whose care plans should have been reviewed that were reviewed during the year**  
**Pi target - High number**



The story behind the performance:

During the past year 939 of 1003 reviews due were completed (93.62%). This is an improvement on the past two year's performance and will place us in a strong position nationally.

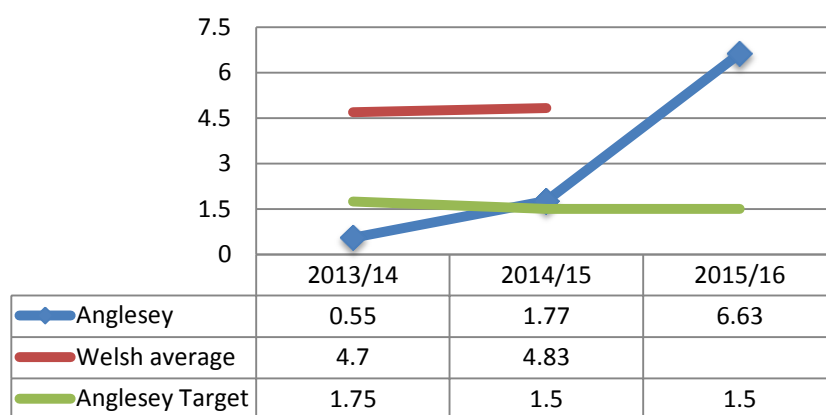
**SCA/018a: The percentage of carers of adults who were offered an assessment or review of their needs in their own right during the year**  
**Pi target - High number**



The story behind the performance:

During the past year 95.3% of informal carers of adults were offered an assessment or review of their needs in their own right. This is above our 14/15 performance of 92.93% and the 14/15 Welsh average of 88.3%.

**SCA/001 (NS1): The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over**  
**Pi target - Low number**



The story behind the performance:

We provide assessment and social work capacity within the acute and community hospitals for adults as they prepare for discharge via a partnership with Gwynedd County Council.

Between April 2015 and the end of March 2016 there have been 50 cases where there has been a delayed transfer due to social care reasons. This results in the performance indicator scoring at 6.63 which is well above our target of 1.50.

We have experienced significant challenges in this area in-year and are focussed on improving the ability of providers to provide care in 2016/17 and 2017/18.

#### **4. Areas of Development and Improvement in 2015/16 and how well we progressed**

As part of our planning process for 2015/16 we develop an annual Service Delivery Plan which sets our programme of work for the year. This section briefly indicates the progress we have made in some of those core areas.

##### **4.1 Extra Care Housing**

Developing Extra Care Housing in key locations across Anglesey is a corporate priority as well as being a key part of our Transformation of Adult Services. Our aspiration in April 2015 was to agree a partner to develop extra care developments in both Llangefni and Amlwch, as well as agree an appropriate land site in the south of the Island for such a development.

By the end of March 2016 a partner to develop extra care in Llangefni has been agreed, and we are on course to deliver a new extra care development in the area by May 2018. We were not able to agree a partner for Amlwch and a development within this area remains part of our plans.

As long as a site can be agreed in the Seiriol area, this will be the site for a new extra care development in the south of the Island. Significant progress in assessing local sites has been made.

##### **4.2 Domiciliary/ Home Care Changes**

Our Service Delivery Plan set out some ambitious targets of progressing further our externalisation of domiciliary care services. As a Council we have committed to a mixed economy of provision, with independent and voluntary sector providers supplying 70% of home care within localities, and the in-house provider providing 30%. In year this split has been achieved.

During the year we also intended to alter the nature of in-house provision, with a greater focus on specialist areas, including reablement and care for people with dementia. Whilst the reablement service has progressed, as a result of ongoing pressure on long-term home care, changing the service to provide more specialist dementia support has not been possible in year.

### **4.3 Learning Disability & Mental Health Services**

In 2015/16 we aimed to expand the scope of our transformation of services to include the support we offer to individuals with a Learning Disability and those with Mental Health conditions.

In year we have made progress in engaging with service users in relation to the development of Direct Payments as well as making preparations to outsource our in-house provision of Supported Living. The work carried out in 2015/16 places us in a positive position to progress this work in 2016/17.

## **5. Other Key Achievements**

### **5.1 Information Systems Replacement**

Over the course of the year Anglesey has been fully engaged in the procurement process to support the replacement of our current Information System, Raise. This system supports all our work with the public and ensures that we have accurate and useful information.

We are pleased to confirm that Anglesey have now agreed a replacement system in the form Welsh Community Care Information System (WCCIS). WCCIS is a national system which will be rolled out to all Local Authorities, and to community services within the NHS, over the coming years.

## **6 Our priorities for 2016/17**

For 2016/17 we will continue to aspire to support individuals to remain independent. As a priority for the year, we aim to support communities to strengthen the support available locally, as well as ensuring the services we provide and commission also support this goal.

### **6.1 Communities**

As part of our strategy to support older people we have set ambitious goals of extending the influence of communities on care and support. During 2016/17 we aim to extend Local Area Co-ordination (LAC) to two further areas of Anglesey. To date, the worker in Seiriol has provided great support to individuals living locally without ongoing need for services. We also hope to encourage the development of two further community hubs. Community Hubs provide a base and structure for local events, which provide people with local activities. We strongly believe that accessing these facilities promotes the wellbeing of individuals.

## **6.2 Home Care**

The problems we have experienced in 2015/16 with access to home care not being as robust as we would hope has underlined our need to strengthen this provision. During 2016/17 we will retender services on a patch based basis. Our aim is to agree 3 geographical patches on Anglesey, which include both urban and rural areas. Following a tendering exercise we will agree a patch provider for each, this will strengthen our partnership with providers and ensure that people in all areas of the island receive timely care. Implementation of the model is likely to occur in 2017/18, following allocation of new contracts in 2016/17.

## **6.3 Learning Disabilities**

In 2016/17 we aim to strengthen the ability of individuals to progress to further independence. Our goals for this year include re-tendering our current local authority operated and commissioned supported living projects, ensuring that we engage with providers of supported living and their tenants to ensure good outcomes from the process.

Following a review of our current day-care and supported employment projects we also intend to re-tender those projects, ensuring that they provide the best opportunity for individuals to enhance and strengthen their day to day living skills.

Underpinning this work and encouraging all individuals to manage and determine how their outcomes are met, we will be re-launching our Direct Payments scheme with enhanced support available to allow individuals to manage and control their own support.

## **6.4 Mental Health**

Our Mental Health services are provided in partnership with the Betsi Cadwaldr University Health Board. Over the course of the next 12 months we intend to strengthen the partnership arrangements which govern this arrangement.

Recently we have agreed an Action Plan to strengthen support to individuals living with Dementia; and over the course of the year we intend to implement this ensuring that support is available to individuals and their carers to remain part of their community as the condition progresses.

## **6.5 Other Areas**

There are a number of other areas we hope to strengthen in 2016/17. These include:-

- We will continue to train and support staff to implement the Social Services & Wellbeing (Wales) Act 2014 which was implemented on the 6<sup>th</sup> April 2016.

- We will ensure that we report in accordance with the Social Services & Wellbeing (Wales) Act 2014, ensuring a greater focus on outcomes for individuals.
- We will ensure that we put in place a robust structure of contract monitoring and management.
- We will remodel our contract with the voluntary sector in order to ensure they reflect our future aspirations.
- We will progress our preparation for the introduction of the new All-Wales Information Technology System, working closely with partner organisations both on a regional and national level.
- We will aim to achieve targeted savings.

## **7.0 Summary**

2015/16 has been a successful year for Adult Social Services. Over the course of the year we have continued to deliver support to significant numbers of adults over the County, and the feedback we receive continues to be positive.

We have faced challenges in the form of a shortage of domiciliary care capacity and a major consultation into the future of Haulfre Residential Home. In spite of these challenges, we believe that ongoing engagement with the public has allowed us to achieve the best possible outcomes for individuals.

2016/17 is likely to be a challenging year but we believe that we are well placed to maintain continuous improvement.



## Children's Services



**Anwen Huws, Head of Children's Services**

### 1. Introduction

Anglesey County Council has a duty to protect children from harm, and deliver a range of statutory functions in relation to children and young people's wellbeing. Most children are brought up and have their needs met within their own families and communities, accessing some services outside their immediate family unit by a range of universal services, early support services and prevention services. The Local Authority's Children's Services are not responsible for these services: we plan and deliver services to support children and families who face complex and intensive problems; children and young people who: -

- have complex needs and are in need of our support
- are in need of protection from abuse
- are looked after by the local authority
- are leaving the care of the local authority
- have disabilities
- offend or are at the risk of offending
- are carers for others.



In Children's Services we believe in making a positive difference to the lives of children and young people for whom we are providing a service. By this, we believe that we will be judged, not only by what we do, but also by the impact we have on the life chances of those children and young people. As a result of our interventions, children and young people can be expected to be: -

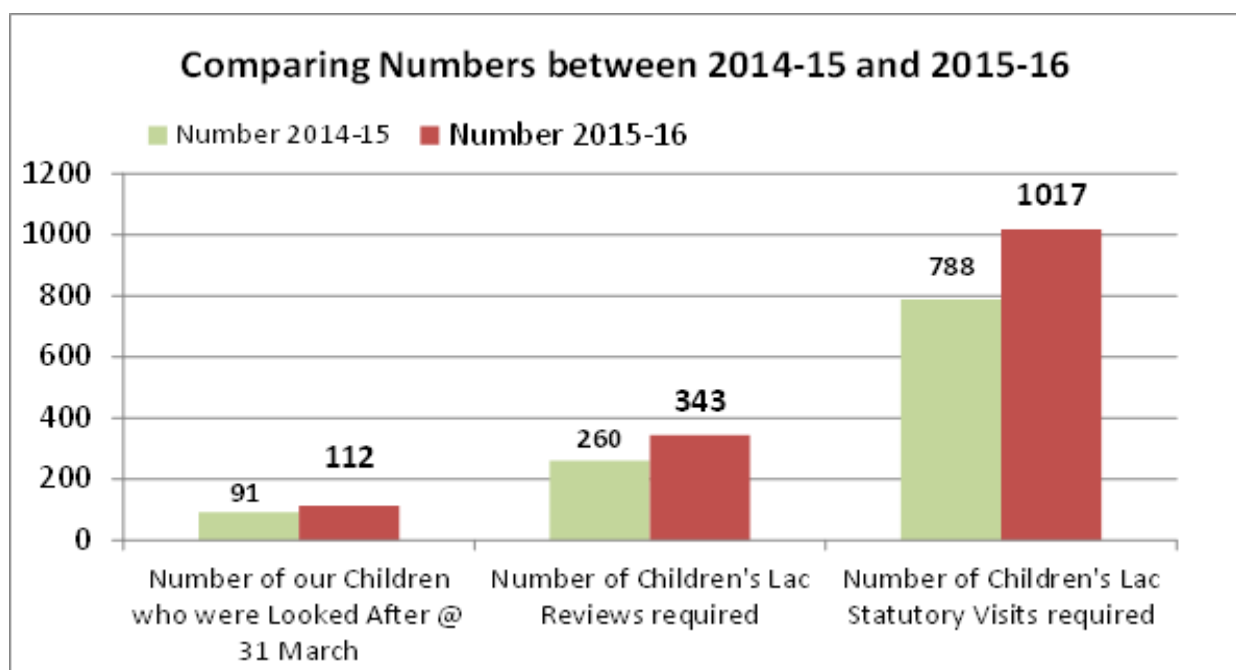
- Safe – children will be protected from abuse and neglect.
- Healthy – children will achieve in their physical, intellectual, emotional, social and behavioural development.
- Enjoying stability in their lives – children will have a sense of belonging, and contribute to, and enjoy safe and lifelong relationships, within supportive families and communities.
- Achieving their potential – children will be supported to achieve educationally, to access post school opportunities and to have the confidence and skills to do things that matter to them.
- Listening to and taking part - children will be supported to take part in key decision about their lives and to be valued members of their communities.

The Regulators' Performance Evaluation Report for 2014/15 recognised improvements within the Children's Service, and noted as areas for improvements: -

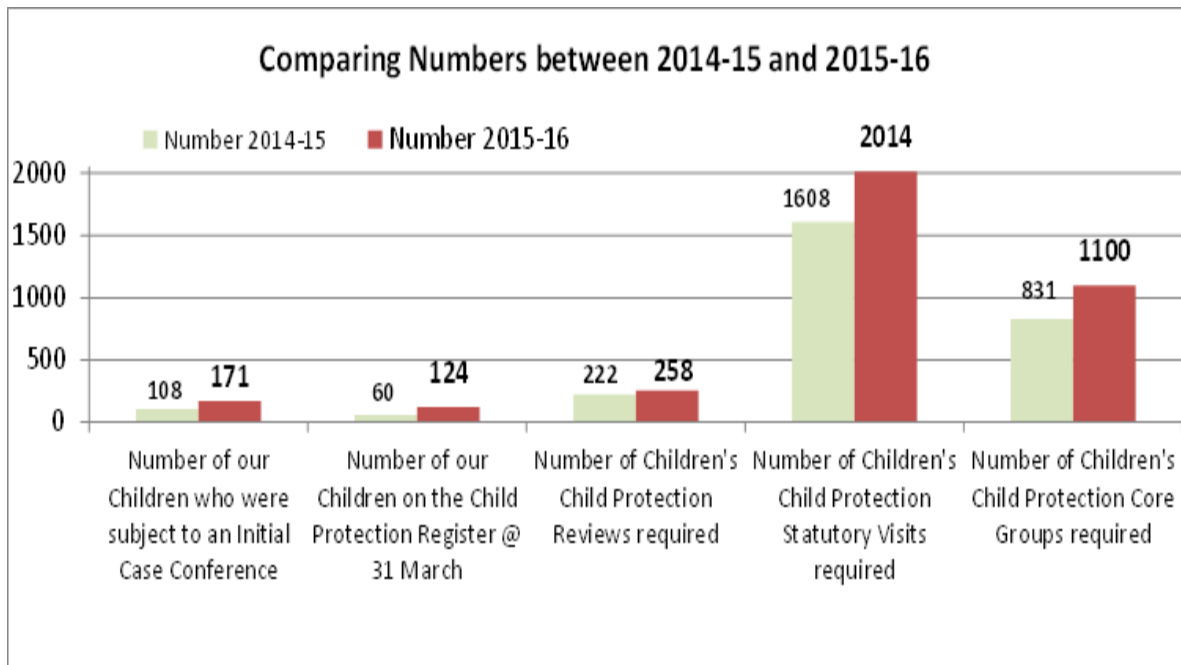
- Quality of decision-making and accountability
- Workforce development
- Website development and use of information, advice and assistance in accordance with the Act
- Capacity and supply in commissioning
- Providing a range of placements for children who are looked after

## 2. Children's Services – Looking Back at 2015/16

There is a genuine desire on Anglesey to do the best we can for children and families. We work in a challenging, complex and changing environment with financial pressure, demographic changes and higher expectations: all within a context of delivering statutory services. During 2015/16 the service has experienced a significant increase in demand across the board. We saw an increase of 15% in referrals that led to strategy meetings, compared to the previous year, and an increase of 33% in the number of referrals that led to a Section 47 investigation during the same period. Nowhere is this clearer than in the increase in children who are looked after and those subject to a child protection plan. At the end of March 2016 there were 124 children subject to a child protection plan, an increase of 106% in 12 months.



The story behind the performance: At the end of March 2016 there were 112 children looked after by the Authority, an increase of 22% in the last 12 months and 43% in the last 2 years.



The story behind the performance: At the end of March 2016 there were 124 children subject to a child protection plan, an increase of 106% in 12 months.

Undoubtedly this puts pressure on practitioners and performance. The Local Authority responded swiftly and during 2014/15 invested an additional £476k in its Children's Services budget to meet the costs of children who are looked after. An additional £500k has been committed for 2016/17.

### 3. Managing Performance Against Expectations 2015/16

We have developed a strong culture of performance management in which "everyone has their part to play". I consider our approach to managing performance as one of our strengths. Despite the palpable increase in demand during the year, we maintained an acute focus on understanding the demands and performance to support management decision making, priority setting and securing additional resources. I am confident that this will underpin our approach during 2016/17 as we achieve our identified performance improvements.

The **Fostering Service** is performing well. The team has been stable and has been able to recruit and retain experienced practitioners. The Care and Social Services Inspectorate Wales

Inspection Report of the Ynys Môn Fostering Service (Date of Publication 15 April 2016: Date of Inspection January 2016) concluded that the

- ✓ Management oversight and monitoring of the service was comprehensive.
- ✓ Service seeks and values feedback and participation.
- ✓ Foster carers valued the support they received.
- ✓ Staff morale in the child placement team was good.
- ✓ Service had increased its foster carers.

The Regulator concluded that children placed with Ynys Môn foster carers could be confident that the fostering service had them at the centre of their work and that the service advocated for them in relation to their individual needs. They noted that children have opportunities to develop feelings of self-worth and a positive identity by experiencing warm and consistent care from foster carers. We can evidence positive outcomes for the children during their time in foster care, some positive contact arrangements being established with family or friends, children moving on to longer term placements or returning to the care of their family.

The **Specialist Children Services (SCS)** is an integrated service between the Local Authority and the Health Board, providing services to disabled children and their families, when the children have complex needs. The team has been stable and has been able to recruit and retain experienced practitioners. The service is performing well against expectations. During the year it has achieved 100% in making case decisions within 24 hours, in undertaking Looked after Children Reviews and Visits to Looked after Children within timescales. Their performance in seeing children and seeing children alone was also excellent at 94% and 88% respectively. They completed 76% of their initial assessments within 7 days, with the remainder averaging 12 days. They completed 62% of their core assessments within 35 days, with the remaining three core assessments averaging 41 days each. The nature of these assessments are such that the input of other agencies is essential, and this may at times have an impact on the time taken to complete the assessments.

Partneriaeth Y Bont (Transition Pilot Project) is now mainstreamed. This provided a multi-agency initiative based at Canolfan Addysg y Bont to provide information, advice and assistance to children and their families who were approaching the transition stage. The pilot proved effective and efficient in supporting a greater number of pupils and their families through the Transition process. The initiative will provide a "Good Practice Guide" to other schools, and using technology will consider how it can be accessible to those children and their families approaching transition stage who are attending mainstream schools. During our challenge session with partners, this was an area of practice that was noted to be successful and appreciated by our partners.

The **Integrated Family Support Service (IFSS)** works with families who wish to make changes within their family to keep their children safe where alcohol or substance misuse is the main risk factor. The service has been established for two years. In this time the service has successfully established itself as part of the children's services offered by both Anglesey and Gwynedd Councils. They are achieving positive outcomes, helping families to make sustained changes in

their lives, which have kept the children safe. Families report that they find the intervention useful and empowering.

“I have been really happy with the level of support provided to me by the IFSS worker. She has supported me in making changes so that I can have my daughter back in my care. We need more workers like this”

“The IFSS work has helped me to realise that I have strengths. I liked using the strengths cards, the cycle of change cards and crisis card. I think that IFSS is doing a brilliant job, they have the time and the patience and confidence in me which is what people need to change”

In Children’s Services, the voice and experience of children and young people is central to what we do. We appointed Participation and Family Group Conference Officer in July 2015, and the **Family Group Conference Service** has now been established. I am pleased with the improvements we have achieved in this area which enables us to put into practice a key requirement of the Social Services and Wellbeing (Wales) Act 2014 – ensuring that we place the child and their family and carers at the heart of what we do and that we learn, develop and change our practice based on their experiences. The officer has also developed the Service User Participation Strategy to support a proactive and creative way to develop our participation and consultation activity, with the aim of giving children the opportunity to express their views about the care they receive.

**A personal highlight for me was the successful STARS Awards Ceremony for Looked After Children held during the year, which recognised and celebrated the achievements of the Looked After Children of Anglesey. Many of them have been through difficult times, but the awards celebrated that it is possible to achieve with courage, determination and support. The awards demonstrated the authority’s pride as a Corporate Parent, facilitated a feeling of being valued for both looked after children and their carers, boosted young people’s self-esteem and will hopefully spur them on to continue to achieve and develop in the future. We are grateful to Sally Holland, Children’s Commissioner for supporting the event.**

For the fifth consecutive year the **Gwynedd and Môn Youth Justice Service** achieved positive results in the six Key Performance areas for Youth Justice in Wales. First Time Entrants rates and numbers continue to fall. Custody use is at its lowest since 2005 (reflecting a national trend). Although re-offending rates have remained stubbornly high in recent years, the Management Team and the Board were pleased to see slightly lower rates and frequencies compared with the rest of North Wales.

The Service also measures the impact the service has on the welfare of young people, and the main welfare indicators continue to show good performance and reflect the excellent support received from our partner services within both local authorities and the wider partnership. The

recently developed Resettlement and Advisory Panels have increased and improved relationships with Homelessness Services and third sector housing providers. The service will be working closely with education services and the youth services in 2016-17 to seek ways of providing a more consistent response to ensuring that the educational achievements of young people is promoted by their inclusion and involvement in training and education. The Bureau process within the prevention service continues to deliver a steady reduction in the number of first-time entrants to the criminal justice system. Work is on-going between the Youth Justice Service and both Children Services in Gwynedd and Môn to review practice protocols to ensure the new duties within the Social Services and Wellbeing (Wales) Act 2014, specifically relating to children and young people in custody, can be managed effectively where standards are met and duplication is avoided.

**Statutory field work in the Children's Service** is an inherent area of risk and involves complex casework. In recent years the field work service showed continued performance improvements: and in a number of areas we were able to maintain and consolidate our performance, which in the context of increased demands is a testimony to the practitioners' commitment and hard work:

- ✓ A decision was made within one working day in 100% of our referrals.
- ✓ 96.08%, of children seen as part of the initial assessment, compared to 95.89% in 2014/15: with the children seen alone as part of the initial assessment also improving – 74.07% in 2015/16 compared to 63.93% in the previous year.
- ✓ Children who had a permanency plan at their second review increased to 87.18%.
- ✓ Improved performance in relation to a number of indicators of wellbeing for children who are looked after – with a reduction in the percentage of children who changed school because of becoming looked after and the attendance of looked after children at both primary and secondary school also showed an improvement compared to the previous year.
- ✓ 100% of relevant young people had access to the service of the Personal Advisor, and all those young people were in accommodation that was suitable for their needs.
- ✓ The performance with regards to meeting the health needs of children and young people who are looked after also remained stable.
- ✓ All identified young carers were provided with suitable support to meet their needs.

There were some areas where we did not meet our improvement objectives. Whilst not taking away that progress is needed to regain ground in these areas, last year's performance should be considered in the context of increased demand and workforce challenges. We did not improve our performance in relation to the timeliness of the completion of initial and core assessments. The



percentage of required core assessments completed within 35 working days for this year was 73.38% compared to 77.88% in the previous year. During the same period the number of core assessments completed increased by 23%. Over the last few years we have continually improved our performance in completing Initial assessments within 7 days. Whilst we were unable to maintain and consolidate this improvement in 2015/16 our performance remained above the Welsh average 76% (2014/15). Whilst this will not be an area of specific measurement next year, due to changes in the Assessment Framework under the new Act, we will

maintain an acute focus on the timeliness of assessment within the service.

The increase in the numbers of children looked after and the numbers of children subject to a child protection plan placed significant demand on the Safeguarding and Quality Unit which provides the Independent Chairing Service. This is reflected in the timeliness of holding Child Protection Conferences and the reviews of Looked After Children. Over the last few years we have continually improved our performance in holding Initial Child Protection Conferences within timescale. We were unable to maintain and consolidate this improvement in 2015/16. The Local Authority has increased the capacity of the Unit, and I am confident that this will ensure capacity to hold these meetings in a timely manner and to ensure robust plans are in place for Children who are Looked After and/or subject to Child Protection Plans. The increase also placed a demand on the case holders in terms of their compliance with visiting children on a regular basis. The percentage of visits to Children who were looked after completed within timescale fell this year to 82.79% from 93.53% in 2014/15. The Local Authority has increased its social work capacity, and I am confident that this will ensure that we will regain ground in these areas.

I am confident that based on our evidenced ability to respond to improvement imperatives in the past and the additional investment provided, we are well placed to achieve our improvement ambitions.

## **4. Achievement against Improvement Imperatives**

### **4.1 Workforce**

Staff remains our single most important and valuable resource. In recognition of this a priority for the Local Authority was to complete its Single Status process, which it did during 2015/16. Consequently, we have seen the offer to our Social Care Workforce improve, across the board, and this places the Local Authority in a favourable position in terms of recruitment.

Over recent years we invested in the development of our workforce, and for a number of years we saw a stable and developing workforce across the service. Our Workforce Development Plan was recognised by the Care Council in the Social Care Accolades 2015, where we were runner-up in the Developing Sustainable Workforce Category. However, during 2015, we experienced an increase in staff turnover, especially social workers within the fieldwork service. We are aware that this is a national issue, not specific to Ynys Môn, with field work social workers after two to three years deciding whether to remain in this area of work and make it their specialism or move into another field and specialise in that. This pattern is strengthened by the experiences of other areas of service function which are stable and have experienced practitioners in post - the Fostering Service, our Adoption workers, and the Specialist Children Service. The Local Authority has ensured that a number of the components of a Workforce Strategy are in place, and we are now working to draw these together, supplemented



by other elements will form a comprehensive and integrated Workforce Strategy which will develop a strategic approach in order to identify, plan for and secure a workforce which will meet the needs of the future. The Strategy, when completed, will be adopted formally by the Council and its implementation monitored by Councillors in order that they can be satisfied about the effectiveness of the approach to the recruitment and retention of staff.

Recognising that there is a correlation between work demands, staff wellbeing, turn over and morale the Local Authority responded by investing in increasing the social work capacity within the fieldwork service by three new posts, in order to respond to the increasing demands and ensure that individual workloads are managed, enabling workers to spend more quality time with families who are working to make changes so that the family is a safe place for their children. The optimum position would be being able to recruit qualified and experienced staff. The reality is that it is more difficult to attract candidates with the right experiences. In the short term we will continue with agency staff, whilst permanent and substantive appointments are made, and to provide a mix of skills in our teams that combines practical experience with the enthusiasm and creativity of newly qualified social workers. Over the course of the next twelve months we aim to appoint to the new posts and reduce the level of agency social workers. This is a strategy which the service has utilised successfully in the past, as a constructive and planned interim action, to underpin our approach to developing capacity, resilience and growing our own workforce.

Aligned to this there has been considerable investment in developing the capacity, experience, knowledge and skills of the workforce to meet the national and local expectations placed upon the Local Authority and to deliver a high quality service that improves outcomes for children and families on Anglesey. This included opportunities for staff to pursue professional development activities in order to develop their knowledge and skills. Regular Practice Learning sessions and Staff conferences have been introduced and they will run over the course of 2016/17, which ensure that our staff participate in, and own, the service improvement imperatives.



A range of training has been undertaken by staff during the year, and this will be continued as part of our approach to improving the service, through personal and professional development. This has included developing the skills and confidence of the **Workforce within the Public Law Outline and Undertaking Assessments within a Pre-birth Context** (Improved use of risk tools and management). In 2015/16, the Children's Services training plan focused on increasing the knowledge and skills of the workforce in areas such as neglect, impact of mental health and substance misuse on parenting capacity and parental capacity to change. In line with the new Act, a co-production workshop was held for managers and social workers to begin exploring how they can work in partnership with families. Training was held to develop professional confidence and expertise in writing later life letters and carrying out life story work. Workers also attended a session to explore the significance of sibling relationships, key areas of assessing sibling relationships and issues relating to contact. The importance of this issue was reflected in the



session '**A Child's World**' which included the impactful reflections of a service user on his journey through care.

The priority in terms of workforce development was the Social Services and Well-being (Wales) Act 2014 and supporting the workforce prior to implementation of the Act. The first phase of training focused on awareness and understanding the underpinning principles of the Act. The training sessions and workshops were reinforced through the Care Council for Wales e-learning module. The second phase was the roll-out of the more specialist core modules: **Introduction and General Functions, Assessing and Meeting the Needs of Individuals, Looked After and Accommodated Children and Safeguarding**. This work continues into 2016-17 with further specialist sessions to be arranged. The training resource '**What Does the Act Mean to Me?**' was created for the Direct Care Workforce which was supported by a facilitated session for managers. The Care Council for Wales Information and Learning Hub remains the one-stop shop for all resources on the Act. A knowledge bank on the Council's shared drive was also created to collate any resources specific to Anglesey, including presentations, consultation responses and news updates.

We want the service to be a good place to work and to develop professionally: and this is clearly shown in the progress made by staff across the service in achieving their post qualifying awards. Over the past year, the following staff achievements can be celebrated:

- 2 members of staff successfully completed the Consolidation Programme
- 3 members of staff completed a module of the Experienced Practitioner Programme
- 2 senior practitioners have been working towards completing the full Senior Practitioner Programme
- 2 members of staff are currently working towards the Practice Teaching Award
- 3 have completed the Pre-AMHP module at Chester University
- 2 managers completed the Team Manager Development Programme
- The Service offered 5 placements for M.A. Social Work Degree Students to encourage the development of new and talented professionals.
- 1 staff member was successful in gaining the Social Work Trainee post and is now working towards a Master's Degree in Social Work.

## 4.2 Quality and Accountability

The Service has a robust Quality Assurance and Performance Framework in place, and has been embedding this into practice. In addition, a Quality Assurance and Performance Management Framework has been established for the Fostering Service. The CSSIW Inspection of our Fostering Service (January 2016) found that the quality of care review report was thorough and included a detailed analysis of the fostering service. Both frameworks are essential in our approach to ensuring good practice and safe decision making at an operational level. IAs Head of Service I chair the service's Quality Assurance Panel, which means that I have the opportunity to see for myself, and discuss directly with my managers, the quality of practice and decision making. We have developed a number of ways in which we work with our practitioners and managers to

embed good practice. The key messages from quality assurance activity have been shared with staff through individual supervision sessions, Children's Services Staff Conferences and regular learning events. As a service we have a good understanding of the strengths within the our business, and those areas in which we need to develop. Our own and externally commissioned quality assurance shows that we can report some notable good practice.

We decided to focus on a number of key areas of improvements last year:

- Improving the overall quality of assessments, and the use of chronologies as a key tool in the assessment process.
- Development of our approach to assessment under the Social Services and Wellbeing (Wales) Act 2014.
- Increasing the skills and capacity of staff trained to undertake specific Parenting Assessments, called PAMS assessments.
- Improving the area of working with expectant parents to assess and support their ability to care for their new-borns, where concerns were known to us or to other agencies. We engaged Bruce Thornton, a prominent Consultant and Trainer, and the co-author of the Gwynedd/Thornton Risk Model, to work with us, so that our approach was based on evidence.

The introduction of the Public Law Outline has meant significant pressure in the context of an increase in the number of applications. During the year we became aware that this was an area of practice and decision making that required improvement. The Local Authority invested in supporting practitioners in their development as experts in dealing with cases in court. Procedures and process have been reviewed to ensure compliance with Public Law Outline expectations and timescales through the effective management of cases.

In readiness for the Social Services and Wellbeing (Wales) Act 2014, we have reviewed the Service Procedures and these will be launched in May 2016, they provide clear practice standards and requirements. Staff will be supported to implement these and have alongside these attended core training on the Social Services and Wellbeing (Wales) Act 2014. This will ensure that the practitioners understand what is expected of them, and the practice standards required.

An important element of quality assurance is the experience of children and young people, their families and carers. As in any organisation, there are times when service users are unhappy with the service they receive from us and times when people think we have gone over and above in the service that we have delivered. I am pleased that during 2015/16 the number of compliments the service received increased from the previous year, and that the majority of these were from service users.

*“Thank you so much for everything during the course. Incredible Years has changed mine and the kids' lives for the better.” – Children’s Support Work Team*

*“He has always put the interest of the children first and been honest about problems. He is a credit to your profession.” – Family Intervention Team*

*“Whatever you talk about [with the child] is having a magical effect and we really, really appreciate your help and advice.” – Looked After Children Team*

*“A pleasure and a privilege to work with you, we've so appreciated all your help and support.” – Child Placement Team*

*“They are really working in partnership with the placements in the interests of the young people they are supporting, and therefore getting better outcomes.” – Family Intervention Team / Looked After Children Team*

We monitor complaints to identify any themes and trends that emerge in order that improvements can be made. The number of complaints resolved at an early stage increased this year when compared with the previous year; from 20 to 29, which may be partly due to efforts to ensure service users and their families are aware of their right to make complaints under the procedure. The number of complaints escalated to a formal independent investigation was the lowest it has been for six years, which suggests that efforts by managers to resolve complaints at an earlier stage are increasingly successful.

We have articulated our plans to improve the quality of practice. This includes enabling staff to practice based on identified social work methodologies that will guide effective practice, management and organisational design. We will build on the progress made in terms of embedding the Gwynedd/Thornton Risk Tool and will review its application within the service alongside the “Signs of Safety Model”. This model aims to support practitioners to work collaboratively and in partnership with children, families and their wider networks to secure the child’s safety and wellbeing. We will continue to develop the knowledge and practical application of relevant law, legislation, procedures and case law by providing learning sets, led by respected barristers and supported by a Lead Practitioner Court Proceedings. A new role, the Lead Practitioner Court Proceedings will track cases within the Public Law Outline, and work with practitioners to ensure that the work is completed on time and up to standard. They will provide a skills development programme in this area, tailored to individual practitioners and to groups of practitioners. They will provide regular performance and quality reports to the Service

Management Team and be responsible for ensuring appropriate relations with the courts, CAFCASS and the Legal Service.

### 4.3 Range of placements for looked after children

The Placement Strategy was agreed during the year. This strategy describes the range of placement options provided for our Looked after Children and focuses on how we improve current arrangements to improve the lives of the children in our care. However the scope is not restricted to just making good quality placements, the intention is to bring together the range of activity across Children’s Services at all stages of the care journey, including a clear focus on supporting families to stay together, wherever it is safe to do so, and minimising the need for children to become looked after. This is a ‘whole system’ approach to supporting Looked after Children and keeping families together.

During 15/16 the Local Authority in line with the Social Services and Wellbeing (Wales) Act, and through working with carers and young people, developed a new service called “*When I am ready*”, which is operational from April 2016 onwards. This provides the opportunity for Young People to stay with their foster carers’ post 18years of age. It is estimated that there will be additional costs of up to £133k over the next three years, which the Local Authority have funded. In 2016/17 we aim to establish a Edge of Care/Supporting Resilience Team: and a proposal for funding has been presented to the Senior Leadership Team.

The Local Authority has experienced an increase in the number of children who are looked after and this has proved challenging in terms of our ability to meet that demand within in-house foster care. The Foster Carers Recruitment and Retention Strategy has been beneficial. Whilst we have not been able to achieve our aim of reducing the use of foster placements procured from the Independent Fostering Agencies, we have been able to limit the increase when compared with our own in-house service. The number of children placed with our in-house service increased by 58% last year compared to an increase of 13% in those placed with independent agencies. The number of looked after children being cared for by extended family as kinship foster carers increased by 133% during the year.



The significant increase in our children who are being looked after has impacted greatly on the capacity of the Fostering service. More children placed with extended family/family friends and Court timetables have led to increased pressures on the fostering social workers to complete assessments within increasingly demanding timescales. The increase in mainstream fostering assessments, friends and family assessments and viability assessment is impacting on the

Recruitment and Retention Strategy. For this to succeed we identified that additional staffing was required to ensure assessments are completed in a timely manner: therefore, we have increased the social work capacity within this team. Recognising the strength in collaboration we have worked closely with our partner Local Authorities on the North Wales Regional Fostering Project, which aims to develop joint working between local authority fostering services across North Wales.

#### **4.4 Use of website and development of information, advice and assistance**

Children's needs can and do fluctuate and change sometimes very quickly: therefore, different levels of need or complexity of presenting need may require different responses. All too often families tell us that the pathways between agencies supporting children and families remain complex and difficult to negotiate for many. Often organisational boundaries get in the way of swift access to support and families revolve between the various "doors of access". Therefore, I am pleased that we have made progress in building on the current arrangements for the provision of Information Advice and Assistance services on Anglesey by establishing the "HUB". This project, led by the Transformation Manager (Children's Services), will ensure that the Local Authority is able to provide:

- An accessible contact point relating to care and support which will be available through a variety of media (web, telephone, face to face, outreach, social networks and publications). This contact point will provide information on how the care and support system operates, the types of care and support available including preventative services, how individuals can access such services and how citizens can raise concerns about themselves or others who appear to have care and support needs. It will be flexible and responsive in order to deal with enquiries directly from the citizen as well as queries/referrals from professionals.
- A proactive service which supports individuals to access the care and support that matters to them. Presenting options and signposting citizens towards appropriate care and support, including advice on the range of preventative services available in the community. Where appropriate the service will actively assist people through, for example, the booking of appointments or commissioning services on their behalf.
- A proportionate assessment of care and support needs when offering advice and assistance will be undertaken.

The HUB involves the bringing together of services currently delivered within Children's Services and Lifelong Learning Service. There is initial interest from other agencies to join the Anglesey HUB and we are keen to develop this relationship. This is an exciting development which will be the first step in a better coordinated and an improved strategic approach to providing access to support as quickly as possible, so as to prevent problems arising at a later stage.

#### **4.4 Capacity and delivery on commissioning**

The Local Authority has appointed to a number of key roles which has increased its capacity in strategic planning and contract/procurement. The Transformation Manager leads strategic planning activities within the service, and is working with colleagues in respect of the Population Needs Assessment. The Service has time dedicated in the work programme of a Contract Manager. The Local Authority has appointed a Social Care Impact Officer (Wylfa 2) to understand and plan for the significant changes that this major development could have on the demand for Social Care, and on the social care workforce.

#### **5. Organisational Arrangements**

With the advent of significant changes in the Local Authority's Senior Leadership Team there has been an opportunity to engage senior officers and Members in designing a strengthened approach suitable to the needs of the Authority. Laming Visits have been re-established and strengthened. Effective Scrutiny arrangements at Member level are important in ensuring that the Authority is aware of performance, progress with securing improvements, of difficult and/or sensitive issues and of the approach to dealing with them. A Member's Panel has been established to oversee and support the progress and achievement of the improvement objectives. The service is well supported by its Portfolio Holder. The Service has ensured it plays its part in a number of key corporate priorities – including embedding the requirements of the Welsh Language Standards (Mwy na Geiriau), Information Governance Improvements, relaunched Lone Working provision and the Customer Care Charter.

#### **6. Social Services and Wellbeing (Wales) Act 2014 – A continuum of wellbeing for children and their families**

I started this report by defining the role of the Children's Services within services for children and their families. This is a period of major change, with the advent of the Social Services and Wellbeing (Wales) Act 2014. The Social Services and Wellbeing Act (Wales) 2014 propels us into a period of vital improvements and transformation to the service. Without being able to invest in interventions aimed at supporting families' resilience and independence, there is the risk of increased individual, family and community exclusion within vulnerable communities – especially at a time of financial austerity.

The Local Authority recognises more than ever the need to provide a cohesive model of well-being across services for children and their families. The importance of prevention and early intervention cannot be underestimated: building on developing universal services to offer additional support to those who need it most. Increasingly at the heart of our approach to public service must be the need to invest in individual and community reliance. A prosperous Anglesey must be based on independent individuals, within strong families, within prosperous and vibrant communities. Tackling factors which impact on resilience is necessary. The Local Authority will continue to improve the coordination of various strategic programmes involved in anti-poverty strategies and

supporting vulnerable children and their families. The aim is to ensure that scarce resources are used in a coordinated way and targeted towards those most at risk of family breakdown and abuse.

## 7. Looking to the Future

We understand the foundations on which we build change: and our approach balances change with appropriate pace. We will place an acute and immediate focus on strengthening the foundations and attaining key improvements, whilst side by side aligning these with our desire to change the social work model in Môn.

Alongside developing the skills and knowledge of our workforce we intend to change our current practice and philosophy to achieve an approach that is solution focused, minimizing the need for involvement, and which works with families in an open and honest way, focusing on changes needed and giving families the best chance of staying together while keeping children safe. We need to change the way we work with children, young people and their families. This is more than responding to a new Act. At the heart of this is our intention to deliver an approach that is far more focused on supporting the Social Work task and delivering a better service to children and families.

### Strategic Imperative 1: Recover, then Move Forward and Improve Field Work Services

<b>1.1 What would this look like?</b>
A confident and competent workforce with sufficient capacity to provide a consistent and effective service whilst being supported to develop their professional competence
<b>Outcomes</b>
<ul style="list-style-type: none"> <li>✓ The creation of a Workforce Strategy meeting the needs of the service in terms of delivery, professional standards and leadership</li> <li>✓ Enable workers to spend more quality time with families.</li> <li>✓ Workforce improvements – recruitments, retention, staff moral and confidence, reduction in staff sickness levels and making recruitment of high calibre candidates possible</li> </ul>
<b>What does this mean for 2016/17?</b>
Developing the skills and knowledge of our staff, recruiting and retaining a workforce of sufficient skills, experience and knowledge. Regular, high quality, professional and supportive supervision that includes detailed case analysis and challenge: access to continuous learning. Increased workforce capacity to ensure manageable workloads.

<b>1.2 What would this look like?</b>
Quality and timely assessments, interventions and decision making to protect, support and manage the risks for children
<b>Outcomes</b>
<ul style="list-style-type: none"> <li>✓ Good practice and safe decision making</li> <li>✓ Compliance with Public Law Outline timescales through the effective management of cases</li> <li>✓ Improved use of risk tools and management of risk</li> <li>✓ Avoidance of delays, drift and inefficient use of resources</li> </ul>

- ✓ Staff equipped with the skills, knowledge and procedures to carry out their roles
- ✓ Confident and effective professionals supported within the legal framework
- ✓ Increased % of looked after children where reunification to their parents is not possible that have permanency arrangements outside the looked after children system

**What does this mean for 2016/17?**

Embedding the use of the Gwynedd/ Bruce Thornton Risk Framework across Children's Services and reviewing its application within the service alongside the "Signs of Safety Model".

Supporting front line managers so that practice decisions are assured and evidenced.

### 1.3 What would this look like?

A quality assurance function that supports the council in effectively managing its responsibilities towards children

#### Outcomes

- ✓ Improvement in quality and performance against KPI's
- ✓ Clear standards and procedures available to all
- ✓ Regular qualitative reports to leadership team including members

**What does this mean for 2016/17?**

Implementation of Children's Services Procedures with staff supported to implement these. Ensuring a systemic quality assurance function, leading to continued improvement and safe practice.

Regaining ground in terms of areas of performance outside our targets.

## Strategic Imperative 2: Reset Vision - Transform and Change

### 2.1 What would this look like?

Social workers working proactively with families to manage risk- spending much more time working alongside families helping them to change so that the family is a safe place for their children.

#### Outcomes

- ✓ Families will be supported families to change and find strategies and use them to become more effective in managing their vulnerability and risk
- ✓ Increased numbers of children remaining at home with their families
- ✓ Reduced numbers of children requiring a multi-agency child protection plan
- ✓ Reduced numbers of children being accommodated by the local authority
- ✓ Reduced spending on the placement costs of Looked After Children
- ✓ Workforce improvements – recruitments, retention, staff moral and confidence, reduction in staff sickness levels and making recruitment of high calibre candidates possible
- ✓ Higher quality effective intervention with families

**What does this mean for 2016/17?**

Identifying the social work methodology/ies that will guide effective practice, management and organisational design. Staff trained to deliver these interventions.

Re structuring to support professional leadership to front-line services.



## 2.2 What would this look like?

For families where this is not possible, timely action will be taken to remove the children through court processes and a permanent placement in a substitute family found for them.

### Outcomes

- ✓ Compliance with Public Law Outline timescales
- ✓ Increased % of looked after children where reunification to their parents is not possible that have permanency arrangements outside the looked after children system
- ✓ Increase in stability of placement
- ✓ Workforce improvements – recruitments, retention, staff morale and confidence, reduction in staff sickness levels and making recruitment of high calibre candidates possible

### What does this mean for 2016/17??

Continuing to develop the knowledge and practical application of relevant law, legislation, procedures and case law by providing learning sets, led by respected barristers and supported by the Lead Practitioner Court Proceeding.

Increasing the social work capacity across the workforce, in order to respond to the increasing demand related to the Public Law Outline and proceedings

Increase the range of placements for looked after children.

## 2.3 What would this look like?

Enhancing family support services [both practical and therapeutic] thus producing a virtuous circle of improved services to children and families. In particular, investment will be targeted towards providing intensive and speedy support at point of family breakdown aimed at keeping the family together.

### Outcomes

- ✓ Increased numbers of children remaining at home with their families
- ✓ Families will be supported to change and find strategies and use them to become more effective in managing their vulnerability and risk
- ✓ Reduced numbers of children requiring a multi-agency child protection plan
- ✓ Reduced numbers of children being accommodated by the local authority
- ✓ Reduced costs on Looked After Children
- ✓ Service Financial profile change increasing % on supportive interventions
- ✓ Higher quality effective interventions with families

### What does this mean for 2016/17?

Secure funding to establish a Family Support Service that works from 7am to 10pm which would include Family Intervention Experts and Support Workers: enabling us to respond through intervention programmes that are tailored around the family but which would have the clear aim of reducing need, promoting independence and safety

## 2.4 What would this look like?

Restructuring and redesign of systems so that they are relevant, intelligent, flexible and useful to practitioners.

### Outcomes

- ✓ Reduced processes, procedures and systems. Where they do exist, for them to be less burdensome and to support social work practice rather than social workers feeling tied down by them.
- ✓ Social Workers will be able to spend less time on administrative burdens
- ✓ Social workers will be able to work where they need to

**What does this mean for 2016/17?**

Embrace the opportunities provided by the Local Authority's Smarter Working programme to ensure that practitioners are able to work flexibly having access to the technology they need to work.



**Performance Indicators**

Included below over the next few pages, are our Key Performance Indicator results for the year, outlining where good performance has now been embedded, and where further efforts are now required. Challenges remain around resources available to support ongoing change and improvement; however we are now in a position whereby we are clear where we need to prioritise our efforts.

2016/17 will provide us with additional new challenges as a result of proposed changes in the collection of data sets, however these will allow us the opportunity to be more outcome focused in line with the requirements of the Social Services and Wellbeing (Wales) Act.

Below tables outline:

- 1) Adult Services Key Performance Indicator Results
- 2) Children's Services Key Performance Indicator Results



National Performance Indicators - Adults Services

	Ref	Indicator	PI target	Ynys Môn 2014/15	Ynys Môn 2015/16	Target 15/16	Performance in comparison with 14/15	Performance in comparison with target
NSI	SCA/001 (NSI)	The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over	Low number	1.77	6.63	1.50	↓	
NSI	SCA/002 (NSI)	The rate of older people (aged 65 or over): a) Supported in the community per 1,000 population aged 65 or over at 31 March	Low Number (High Number -national expectation)	49.52	43.51	50.00	↓	
NSI		b) Whom the authority supports in care homes per 1,000 population aged 65 or over at 31 March	Low number	23.28	20.30	22.00	↑	
SID	SCA/003	The percentage of clients, in the following age groups, who are supported in the community during the year: a) Aged 18 - 64	High number	89.03%	91.12%	89.0%	↑	
		b) Aged 65+	High number	76.00%	74.26%	78.0%	↓	
PAM	SCA/007	The percentage of clients with a care plan at 31 March whose care plans should have been reviewed that were reviewed during the year	High number	92.17%	93.62%	85.0%	↑	
PAM	SCA/018	a) The percentage of carers of adults who were offered an assessment or review of their needs in their own right during the year	High number	92.90%	95.30%	93.0%	↑	
SID		b) The percentage of carers of adults who had an assessment or review of their needs in their own right during the year	High number	57.10%	64.20%		↑	
Local		b local) The percentage of carers of adults who requested an assessment or review that had an assessment or review in their own right during the year	High number	92.00%	90.80%	93.0%	↓	
SID		c) The percentage of carers of adults who were assessed or re-assessed in their own right during the year who were provided with a service	High number	96.00%	96.30%	96.0%	↔	
NSI	SCA/019 (NSI)	The percentage of adult protection referrals completed where the risk has been managed	High number	91.92%	93.18%	90.0%	↑	
PAM	SCA/020	The percentage of adult clients who are supported in the Community through the year.	High number	79.10%	78.66%	82.0%	↓	

NSI National Strategic Indicator  
PAM Public Accountability Measures  
SID Service Improvement Data

National Performance Indicators - Children's Services 2015-16

Ref	Indicator	PI target	Anglesey 2014-15	Anglesey 2015-16	Anglesey Target 2015-16	Performance in comparison with Anglesey 2014-15	Performance in comparison with Anglesey target
SCC/001	A) The percentage of first placements of looked after children during the year that began with a care plan in place	High number	93.18	88.00	100.00	↓	
	B) For those children looked after whose second review (due at 4 months) was due in the year, the percentage with a plan for permanence at the due date	High number	82.61	87.18	100.00	↑	
SCC/002 (NSI)	The percentage of children looked after at 31 March who have experienced one or more changes of school, during a period or periods of being looked after, which were not due to transitional arrangements, in the 12 months to 31 March	Low number	18.52	17.39	15.00	↑	
SCC/004 (NSI)	The percentage of children looked after on 31 March who have had three or more placements during the year	Low number	3.41	9.26	8.00	↓	
SCC/006	The percentage of referrals during the year on which a decision was made within 1 working day	High number	99.94	100.00	100.00%	↑	
SCC/010	The percentage of referrals that are re-referrals within 12 months	Low number	18.11	19.51	20.00%	↓	
SCC/011	A) The percentage of initial assessments that took place during the year where there is evidence that the child has been seen by the Social Worker	High number	95.89	96.08	100.00%	↑	
SCC/011 (NSI)	B) The percentage of initial assessments that took place during the year where there is evidence that the child has been seen alone by the Social Worker	High number	63.93	74.07	65.00%	↑	
SCC/014	The percentage of initial child protection conferences due in the year which were held within 15 working days of the strategy discussion	High number	98.15	84.80	100.00%	↓	
SCC/015	The percentage of initial core group meetings due in the year which were held within 10 working days of the initial child protection conference	High number	94.52	93.10	100.00%	↓	
SCC/016	The percentage of reviews of child in need plans carried out in accordance with the statutory timetable	High number	90.19	83.02	90.00%	↓	
SCC/020	The percentage of looked after children who have had their teeth checked by a dentist during the year	High number	96.77	90.41	90.00%	↓	
SCC/021	The percentage of looked after children reviews carried out within statutory timescales during the year	High number	96.15	93.88	97.00%	↓	

SCC/022	A) The percentage attendance of looked after pupils whilst in care in primary schools	High number	97.01	97.37	95.00%	↑	
	B) The percentage attendance of looked after pupils whilst in care in secondary schools	High number	92.37	93.32	90.00%	↑	
SCC/024	The percentage of children looked after during the year with a Personal Education Plan within 20 school days of entering care or joining a new school in the year ending 31 March	High number	94.29	88.89	100.00%	↓	
SCC/025	The percentage of statutory visits to looked after children due in the year that took place in accordance with regulations	High number	93.53	82.79	100.00%	↓	
SCC/030	A) The percentage of young carers known to Social Services who were assessed	High number	84.38	75.41	85.00%	↓	
	B) The percentage of young carers known to Social Services who were provided with a service	High number	100.00	100.00	98.00%	↔	
SCC/033 (NSI)	D) The percentage of young people formerly looked after with whom the authority is in contact at the age of 19	High number	50.00	57.14	100.00%	↑	
	E) The percentage of young people formerly looked after with whom the authority is in contact, who are known to be in suitable, non-emergency accommodation at the age of 19	High number	100.00	100.00	100.00%	↔	
	F) The percentage of young people formerly looked after with whom the authority is in contact, who are known to be engaged in education, training or employment at the age of 19	High number	100.00	75.00	75.00%	↓	
SCC/034	The percentage of child protection reviews carried out within statutory timescales during the year	High number	96.85	93.80	100.00%	↓	
SCC/035	The percentage of looked after children eligible for assessment at the end of Key Stage 2 achieving the Core Subject Indicator, as determined by Teacher Assessment	High number	100.00	50.00	60.00%	↓	
SCC/036	The percentage of looked after children eligible for assessment at the end of Key Stage 3 achieving the Core Subject Indicator, as determined by Teacher Assessment	High number	33.33	60.00	60.00%	↑	
SCC/037 (NSI)	The average external qualifications point score for 16 year old looked after children, in any local authority maintained learning setting	High number	289.00	269.00	262.00	↓	
SCC/039	The percentage of health assessments for looked after children due in the year that have been undertaken	High number	94.44	96.08	100.00%	↑	
SCC/040	The percentage of placements started during the year where the child is registered with a provider of general medical services within 10 working days of the start of the placement	High number	98.25	97.62	100.00%	↓	



SCC/041	A) The percentage of eligible, relevant and former relevant children that have pathway plans as required	High number	78.26	68.18	90.00%	↓	Red
	B) The percentage of eligible, relevant and former relevant children that have been allocated a personal advisor	High number	95.65	100.00	100.00%	↑	Green
SCC/042	A) The percentage of initial assessments completed within 7 working days	High number	94.77	78.87	85.00%	↓	Yellow
	B) The average time taken to complete initial assessments that took longer than 7 working days to complete	Low number	14.14	14.21	12.00	↔	Green
SCC/043	A) The percentage of required core assessments completed within 35 working days	High number	77.88	73.38	85.00%	↓	Red
	B) The average time taken to complete those required core assessments that took longer than 35 days	Low number	50.84	60.00	45.00	↓	Yellow
SCC/044	A) The percentage of children looked after who were permanently excluded from school in the year 1 April - 31 March	Low number	0.00	0.00	0.00%	↔	Green
	B) The average number of days spent out of school on fixed-period exclusions for children looked after who were excluded in the year 1 April - 31 March	Low number	2.58	3.00	0.00	↑	Yellow
SCC/045	The percentage of reviews of looked after children, children on the Child Protection Register and children in need carried out in line with the statutory timescale	High number	94.54	91.58	95	↓	Green

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## Financial Information

The Local Authority has faced a period of unprecedented financial constraints for the public sector: and consequently each Council service has been required to find savings in its budget. Each service has been required to produce an annual service delivery plan, based on an analysis of its performance, their role in contributing to the Corporate Plan, and an analysis of any potential risks. Both Adult and Children Services recognise that in the context of financial austerity and increased demands/expectations things have to be done differently - we need to change the way we do things.

The ambitious work programme that we have in place across Adults and Children's Services is designed to support services to be able to do things differently, deliver positive outcomes for individuals, families and carers whilst also supporting the delivery of savings. In so doing Anglesey must deliver statutory social care services based on an approach that is solution focused, minimizing the need for involvement. Over time this will make Social services in Anglesey more sustainable.

The following table outlines the Social Care Spend for the year, in comparison with the previous two years:

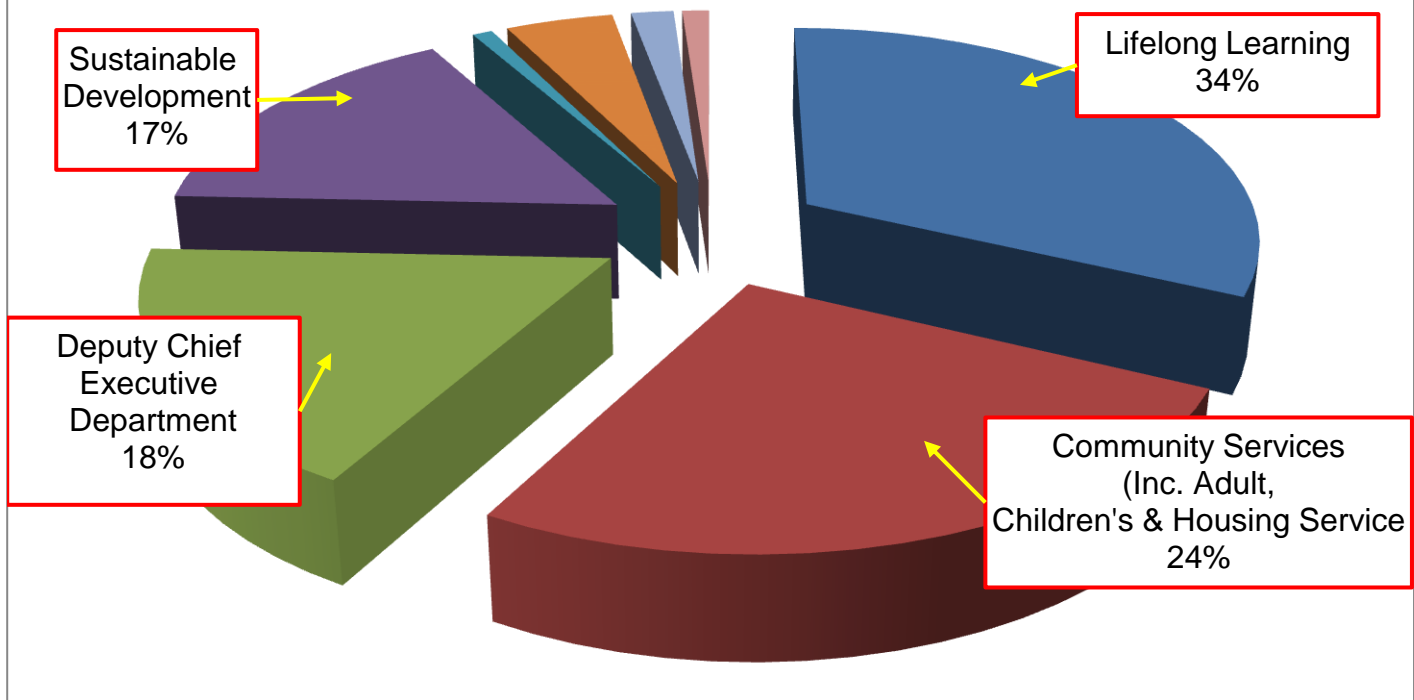
Service Description	Budget 2015/16 £'000	Actual 2015/16 £'000	Budget 2014/15 £'000	Actual 2014/15 £'000	Budget 2013/14 £'000	Actual 2013/14 £'000
<b>Children's Services</b>	6,877	6,656	6,508	6,240	6,781	6,566
<b>Adults' Services</b>						
- Older People	6,243	6,313	6,204	6,130	6,188	5,958
- Physical Disabilities	1,434	1,357	1,557	1,393	1,512	1,421
- Learning Disability	4,989	5,262	4,978	5,241	4,663	4,805
- Mental Health	1,697	1,900	1,713	1,834	1,605	1,880
<b>Support Services</b>	691	607	647	630	704	722
<b>Provider Unit (Mon Care / Other Services / Supp Emp)</b>	5,652	5,433	7,418	7,200	8,609	8,086
<b>Other Services (SSR)</b>	138	146	145	133	144	132
<b>TOTAL</b>	27,721	<b>27,674</b>	29,171	<b>28,801</b>	30,205	<b>29,569</b>



**£126m Net Council Budget (by Service 2015/16)**

The below graph shows the whole Council budget for the year, 26% of which was allocated to Community Services.

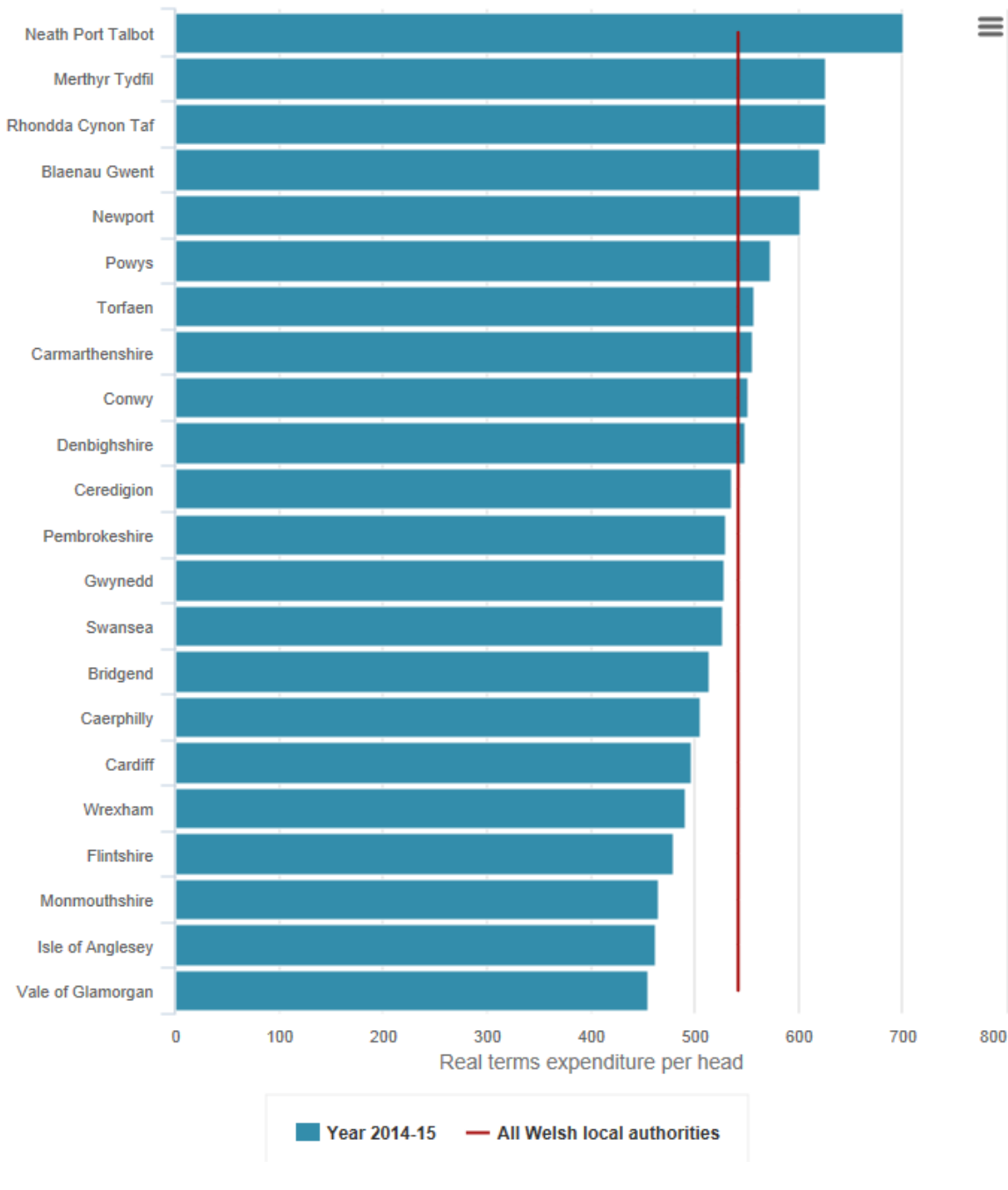
**£181m Council Budget, (£124m net) by Service 2015-16**



- £124m budget, 23% of the budget is spent on Social Care (6% Children's & 17% Adult Services)
- 2015/16 Savings for Social Care were £591,000 which represents a reduction of 2.19% against the prior year (2014/15) budget of £26,991,000, which was met by the service in full.
- 2016/17 Savings have been identified for Social Care at £478,000 which represents a reduction of 1.72% against the prior year (2015/16) budget of £27,721,000.

## Revenue Out-turn Expenditure per head of population on Social Services, 2014-15

The below table, as published by the Welsh Government, confirms that the Isle of Anglesey County Council has the second lowest revenue outturn expenditure per head of population on Social Services, across Wales in 2014-15.



Source: Local Authority Services Performance 2014–15, Welsh Government, February 2016

## Staff Awards 2015 – Social Services Winners



**Clockwise from Top left:**

- **Achiever Award – Winner** - Gerddi Haulfre
- **Committed to Partnership Award - Winner** - Specialist Children's Services
- **Customer, Citizen and Community Focused Award** - Gors Felen Support Staff - Social Services (Shortlisted).
- **Professional and Well Run Award** - RAISE Team - Social Services (Shortlisted).
- **Valuing and developing our People Award** - Dyfrig Williams - Performance and Systems Officer - Adult Services (Shortlisted, represented by Geraint Parry).

## Contact Information

### Contact Information

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**This document is also available in Welsh, large print, Braille, or other language formats upon request.**



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive/Full Council</b>
<b>Date:</b>	<b>19 September, 2016 / 27 September, 2016</b>
<b>Subject:</b>	<b>Welsh Language Strategy 2016-2021 (draft)</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Ieuan Williams</b>
<b>Head of Service:</b>	<b>Annwen Morgan Assistant Chief Executive</b>
<b>Report Author:</b> Tel: E-mail:	<b>Carol Wyn Owen, Policy and Strategy Manager 01248 752561 CarolWyn@anglesey.gov.uk</b>
<b>Local Members:</b>	<b>Not relevant</b>

<b>A –Recommendation/s and reason/s</b>
<p><b>Recommendation</b> – the Executive are requested to:</p> <p>Make a recommendation to the County Council to approve the Welsh Language Strategy 2016-2021 (draft) and authorise relevant officers, in collaboration with the Portfolio Holder to complete any further editorial work to the draft strategy.</p> <p><b>Reasons</b></p> <p>The Welsh Language Measure (Wales) 2011 enables Welsh Ministers to set standards of conduct relating to the Welsh Language. In the Compliance Notice on the Final Standards, Standards 145 and 146 relating to the creation of a Welsh Language Strategy were set. In order to ensure compliance, the County Council is required to adopt a five year Welsh Language Strategy and publish it on its website by 30 September, 2016.</p> <p>This Strategy outlines the proposed approach towards promoting the Welsh Language and facilitating its wider use within the area. It includes a target for increasing or maintaining the number of Welsh speakers by the end of the five year period concerned. It will be necessary, five years after the publication of the Strategy, to publish a revised version and an assessment of its attainment.</p> <p>The Anglesey Strategic Language Forum has been working intentionally over the past few months to create this partnership Welsh Language Strategy (draft) which sets out the vision and an action plan for the first year. It will be responsibility of the Strategic Language Forum to monitor progress against set targets.</p>

**B – What other options did you consider and why did you reject them and/or opt for this option?**

No options were considered because of the reasons outlined above.

**C – Why is this a decision for the Executive?**

Publication of the Welsh Language Strategy 2016-2021 is a statutory requirement and this is the key document that outlines the strategic direction and the implementation steps in relation to the Welsh Language, on a county level, for the next five years.

**D – Is this decision consistent with policy approved by the full Council?**

Welsh Language Policy.

**DD – Is this decision within the budget approved by the Council?**

Irrelevant.

<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT)</b> (mandatory)	The Welsh Language Strategy (draft) was circulated internally to relevant officers who contributed to the contents. In addition, it was distributed to members of the Language Sub-Group (28-7-16), Heads of Service (28-7-16), members of the County Strategic Language Forum (1-8-16) and its was distributed to the SLT in its meeting on 25 July, 2016.
2	<b>Finance / Section 151</b> (mandatory)	
3	<b>Legal / Monitoring Officer</b> (mandatory)	
5	<b>Human Resources (HR)</b>	
6	<b>Property</b>	
7	<b>Information Communication Technology (ICT)</b>	
8	<b>Scrutiny</b>	The Welsh Language Strategy (draft) was presented to a meeting of the Partnership and Regeneration Scrutiny Committee on 19 July, 2016. A constructive and supportive discussion was held and a number of observations and suggestions were presented (see Appendix 3). It was resolved to approve the Welsh Language Strategy

		2016-2021 (draft) and recommend that the Executive and the Full Council approve the strategy.
<b>9</b>	<b>Local Members</b>	
<b>10</b>	<b>Any external bodies / other/s</b>	

<b>F – Risks and any mitigation (if relevant)</b>		
<b>1</b>	<b>Economic</b>	
<b>2</b>	<b>Anti-poverty</b>	
<b>3</b>	<b>Crime and Disorder</b>	
<b>4</b>	<b>Environmental</b>	
<b>5</b>	<b>Equalities</b>	
<b>6</b>	<b>Outcome Agreements</b>	
<b>7</b>	<b>Other</b>	

<b>FF - Appendices:</b>
Appendix 1- Welsh Language Strategy 2016-2021 Appendix 2 – Action Plan for Year 1 Appendix 3 – Relevant extract from the draft Minutes for the partnership and Regeneration Committee held on 19 July, 2016

<b>G - Background papers (please contact the author of the Report for any further information):</b>

# Welsh Language Strategy 2016 - 2021

DRAFT

Anglesey Welsh Language Strategic Forum



Date of Publication: September 2016



## The Language Strategic Forum

A Language Forum partnership exists at county level to provide strategic focus for the Welsh language on the island. The Forum is responsible for identifying priorities and formulating this strategy. Membership of the Language Strategic Forum:

Derec Llwyd Morgan - Independent Chair

Betsi Cadwaladr Health Board  
Gwynedd and Anglesey Post-16 Education Consortium  
Welsh Language Society  
Anglesey County Council  
Young Farmers  
Llandrillo Menai Group  
North Wales Police  
Medrwn Môn  
Menter Iaith Môn  
Menter Môn  
Môn CF  
Mudiad Meithrin  
Bangor University  
The Joint Planning Policy Unit (Gwynedd and Anglesey)  
One Voice Wales  
The Anglesey Eisteddfod Court  
The Welsh Government  
The Welsh Centre for Adults  
The Urdd

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We are happy to provide this information in alternative formats on request - please use the contact details above.

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

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## Foreword

The County Language Strategy is submitted before you. The fact that the Isle of Anglesey is required to prepare such a strategy is to be welcomed.

This inclusive strategy is the outcome of the Council, along with several of its partnerships that have met regularly under the name of the Anglesey Language Forum. For this first strategy, the forum agreed to focus on three themes, namely:

- **Children, Young People and the Family**
- **The Workforce, Welsh Language Services, the Infrastructure**
- **The Community**

In the coming years, Anglesey will face many challenges, including linguistic challenges. Similarly, there will be opportunities to strengthen the Welsh language and it is extremely important that we maximise opportunities by working together on the island. We must be realistic by striving to be as proactive as possible.

In addition to the Strategy, an annual Action Plan was prepared, which initially focuses on the most important practical steps, doing so within the available resources. This is the Plan that implements our strategy and during 2016-17, it is intended to monitor the progress of the actions taken at the Language Forum meetings during 2016-17.

Without a doubt, each and every one of us who reads the Strategy and Plan can effortlessly identify many other things that need to be done to ensure that the Welsh language thrives in Anglesey. It is our aim to focus on fewer and ensure that a difference is made.

Our vision for the 2021 Census is to see an increase in the number of Welsh speakers and that the percentage increases to at least 60.1% as it was in 2001. Through cooperation and taking practical steps, that is attainable.

## Legislation and policy context

Back in 1993 the Welsh Language Act was passed, which set the principle that Welsh should be treated on a par with English in the conduct of public business in Wales. The main requirements of the act were:

- to force Welsh public bodies to provide services through the medium of Welsh and to prepare a plan to indicate how they intend to use the language
- entitlement to use Welsh in court in Wales
- to create a Language Board to oversee the use of the language by public bodies and to approve public bodies' language schemes.

Based on the law, the Isle of Anglesey County Council adopted the principle of treating Welsh and English on the basis that they are equal and a fourth edition of the Council's Welsh Language Scheme was approved by the Welsh Language Board under Section 14 (1) of the Act on 26 March, 2012.

Eighteen years later, a new legislative framework was created for the Welsh language with the passing of the Welsh Language (Wales) Bill 2011. The Bill includes:

- securing official status for the Welsh language in Wales
- establishing the post of Welsh Language Commissioner
- creating a system of presenting duties in the form of language standards
- creating a provision for promoting and facilitating the use of Welsh

The aim of the new language law is to provide greater clarity and consistency for Welsh speakers in terms of the services they can expect to receive in Welsh. The Bill is based on the following principles:

- Welsh should not be treated less favorably than English in Wales
- Persons in Wales should be able to live their lives through the medium of Welsh if they so wish.

### **A Living Language: A Language for Living 2012-2017**

In 2003, the Welsh Assembly Government published its strategic framework for the promotion of Welsh '*laith Pawb: A National Action Plan for a Bilingual Wales*'.

During 2014, the Welsh Government published a draft policy statement, '*A living language: a language for living - Forging ahead*' outlining how they intend to focus on implementing the strategy, '*living language: a language for living*' over the next three years. The strategic aim is to increase the number of people who can speak Welsh and broaden the general use made of Welsh.

To achieve this, the Welsh Government has set six objectives, namely:

- to encourage and support the use of Welsh within families
- to increase the provision of Welsh language activities for children and young people and increase their awareness of the value of the language
- to strengthen the position of the Welsh language within the community
- to increase opportunities for people to use Welsh in the workplace
- to increase and improve Welsh language services for citizens
- to strengthen the infrastructure for the language, including digital technology.

To realise these goals successfully, the Government has recognized the need for input from a number of organisations across Wales. The principles for realising the vision are based on two areas, namely **'language acquisition'** and **'language use'**. To encourage children to acquire the language, people are encouraged to transfer the language at home and increase the provision of Welsh-medium education. To increase the use of language, emphasis is placed on increasing opportunities for its use at a social level, in the community, in the workplace and through Welsh-medium services. This would, in turn, increase people's confidence and fluency in the language and strengthen the position of Welsh in our communities.

### **Welsh-medium Education Strategy 2010**

The publication of the Welsh-medium Education Strategy in April 2010 was an important milestone in the history of the development of Welsh-medium education in Wales. For the first time, the Welsh Government set out its vision for an *'education and training system that responds in a planned way to the growing demand for Welsh-medium education ... and enables an increase in the number of people of all ages and backgrounds who are fluent in Welsh and able to use the language with their families, in their communities and in the workplace.'* The strategy also sets the direction for improving standards of teaching and learning Welsh as a language, and in particular, Welsh as a second language.

The initial period of five years of implementation has now expired and the Welsh Government has published a policy statement entitled, *'Welsh-medium Education Strategy: the next steps'* which outlines the way forward for the development of Welsh-medium education and the Welsh language between 1 April 2016 and 31 March, 2017.

It is also important to remember that the Strategy sits alongside the Welsh Government's Welsh Language Strategy, - *A living language: a language for living* (2012). There is a clear interdependence between the two strategies as an important contribution by the education and skills sector is to be made to support the broader aim of seeing the language thrive and to increase acquisition and use of Welsh.

### **The Well-being of Future Generations (Wales) Act 2015**

The Well-being of Future Generations (Wales) Act 2015 relates to improving the social, economic, environmental and cultural well-being of Wales. It will help the relevant public bodies to think more about the long term, work better with people and communities and each other, seek to prevent problems and follow a consistent

approach. It requires public bodies to ensure they consider the impact of their decisions on people who live their lives in Wales in the future.

'A Wales of vibrant culture and thriving Welsh language' is one of the seven well-being goals within the Act towards which public bodies are expected to realise and make the best contribution. The goal here is described as:

*'A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation'.*

### **The Overarching National Policy Statement for Energy – EN-1 (2011)**

This National Policy Statement lists the criteria used in deciding on applications relating to nationally significant infrastructure projects. The Wylfa New Nuclear Power Station is such a project. The Statement recommends what the Environmental Statement submitted with the application should focus on. The National Policy Statement (in para 5.12.3) says that Environmental Statements should consider every socio-economic impact, which may include:

- Creating opportunities for jobs and training;
- Providing additional local services and improving local infrastructure, including the provision of educational facilities and facilities for visitors;
- Impacts on tourism;
- The impact of various numbers of workers flowing into the area during different stages of the construction, operation and decommissioning of the energy infrastructure. This could change the dynamics of the local population and may change the demand for services and facilities in the settlements closest to the construction (including community facilities and physical infrastructures, such as energy, water, transport and waste). This could also impact on social cohesion depending on how the population and the services provided are changed by the development;
- Cumulative impacts - if development consent were given for a number of projects in the region and these were developed more or less within the same period, that could create a number of short-term negative effects, for example, a potential lack of construction workers to meet the needs of other industries and major projects in the region.
- Welsh Language Impact Assessment

### **The National Policy Statement on Nuclear Power Generation: EN-6 (2011)**

With specific regard to the Wylfa New Nuclear Station, Volume II of the National Policy Statement states that there is concern about the influence of an influx of workers into the area on the language, culture and welfare.

## A View of the Situation of the Welsh Language on Anglesey

### An overview of the local area

Anglesey is counted as one of the strongholds of the Welsh language and the Welsh language is a natural element of everyday life of the island and is a reflection of its traditions and culture. Linked to this is the rich history and Welsh culture that defines the area and its inhabitants. The sustainability of the Welsh language depends on the process of improving Welsh communities by providing ample educational, cultural and social opportunities to use the language on a daily basis. These opportunities are obtained through formal mechanisms such as the education system and language classes for learners and through informal means such as associations, organisations and clubs.

### Main 2011 Census results

The most important source of ascertaining statistics regarding the Welsh Language is the Census and the 2011 Census figures show a decrease in the number of Welsh speakers in Anglesey from 38,893 (60.1%) in 2001 to 38 568 (57.2%) in 2011. This reduction of 325 individuals amounts to a fall of 0.8% in the number of Welsh speakers in the County. In 2011, 45.6% were able to speak, read and write Welsh and 10.7% understood Welsh only<sup>1</sup>. 30.4% had no skills. Nevertheless, Anglesey has the second highest rate of Welsh speakers in Wales.

Number of Welsh speakers in Anglesey 2011						
	Population aged three years and over	Speak Welsh but do not read or write it	Speak and read Welsh but do not write it	Speak, read and write Welsh	Another combination of skills	Do not know any Welsh
		%	%	%	%	%
Anglesey	67,403	7	4.3	45.6	1.9	30.4
Wales	2,955,841	2.7	1.5	14.6	2.5	73.3

Source: 2011 Census

The joint survey between the Welsh Government and the Welsh Language Commissioner, 'Welsh language use in Wales, 2013-15' below shows the numbers and percentages of people who speak Welsh every day in Anglesey compared to the whole of Wales. We see from the table below the change since the 2004-06 Language Use Surveys.

<sup>1</sup> Welsh Government, Introduction to the Anglesey Strategic Forum 24/09/13



<b>Welsh speakers speaking the language every day</b>						
	<b>2004-06</b>		<b>2013-15</b>		<b>Difference</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage Point</b>
<b>Anglesey</b>	31,500	87	29,500	77	-2000	-9
<b>Wales</b>	342,300	63	360,900	53	18,600	-9

The survey ' *Welsh language use in Wales, 2013-15*' indicates that there is a clear link between fluency and frequency of use of Welsh. There are more opportunities to speak the language in the areas with the highest concentrations of Welsh speakers, such as Anglesey and it is very important that this strategy identifies further opportunities for residents to use Welsh.

The table below shows that the number of people in Anglesey who can speak Welsh has fallen from 80% in 1951 to 57% by 2011.

<b>Changes in the number and %age of Welsh Speakers since 1951</b>		
<b>Year</b>	<b>Anglesey</b>	<b>Wales</b>
1951	38,443 (80.0%)	714,700 (28.9%)
1961	37,101 (75.0%)	656,000 (26.0%)
1971	37,135 (66.0%)	542,400 (20.8%)
1981	39,229 (61.0%)	508,200 (18.9%)
1991	41,240 (61.9%)	500,000 (18.5%)
2001	38,893 (60.1%)	582,368 (20.7%)
2011	38,568 (57.2%)	562,016 (19%)

Although there was a significant decline in the percentage of Welsh speakers, it is interesting to note that the number of Welsh speakers in 2011 (38,568) is slightly higher than the number in 1951 (38,443). This probably reflects the overall growth in the population as a result of major work developments in the 1960s, namely Wylfa Nuclear Power Station and the Anglesey Aluminium smelting works.

The Survey of *Welsh language use in Wales, 2013-2015*, in collaboration between the Welsh Government and the Welsh Language Commissioner shows a greater reduction in the number of fluent Welsh speakers on Anglesey in 2013-15 than there was in 2004-06. This decrease was 2,600 and coincided with the national trend which saw the largest reductions of fluent Welsh speakers in local authority areas with the highest percentages of Welsh speakers.

A number of demographic factors are responsible for this decline, such as the impact of immigration on the population, a reduction in the numbers of homes for the elderly speaking Welsh and the outward migration of young people to pursue educational courses and careers. In addition, the weak economy and the over-reliance on the public and provider sector and some specific industries along with the unstable housing market contribute to the challenges facing Welsh speakers to remain in their communities.

The reduction of language transfer within the family may be another factor for the decline and it is critical that this element receives due attention. In addition, proactive steps are necessary to increase the number of pupils receiving a Welsh-medium assessment by the end of the Foundation Stage as this is central to gain confidence to use the language from the very beginning. This strategy will deal proactively with this element.

### Country of birth

The percentage of the population born outside Wales increased from 32.4% in 2001 to 33.6% in 2011. In 2011, of those born in Wales, 78.2% could speak Welsh compared with 80.8% in 2001. In 2011, of those born outside Wales, 17.6% could speak Welsh compared to 18.7% in 2001.

### Electoral Wards

The proportion of Welsh speakers varies on Anglesey by electoral ward. The highest rates of Welsh speakers can be seen in the most central areas, while the rate tends to decrease lower towards the west of the island, especially around the Holyhead area.

The tables below show the ten highest wards and ten lowest wards by the proportion of people aged 3 and over who could speak Welsh in 2001 and 2011:

<b>Proportion of people (aged 3 and over) able to speak Welsh, by ward, 2001 and 2011 – the highest ten:</b>					
<b>Name of Ward</b>	<b>2001</b>		<b>2011</b>		<b>Change</b>
	<b>Position</b>	<b>Percentage</b>	<b>Position</b>	<b>Percentage</b>	
Cyngar	1	84.7%	1	80.8%	-3.9%
Tudur	2	83.6%	2	80.7%	-2.9%
Cefni	3	83.1%	3	80.5%	-2.6%
Llanfihangel Ysgeifiog	4	78.3%	4	75.8%	-2.5%
Bodffordd	5	77.9%	5	73.3%	-4.6%
Braint	6	77.1%	6	73.2%	-3.9%
Bryngwran	7	76.1%	7	71.2%	-4.9%
Gwyngyll	8	73.9%	8	70.5%	-3.4%
Bodorgan	9	72.7%	10	68.3%	-4.4%
Llannerch-y-medd	10	72.3%	9	69.9%	-2.4%

*Source: 2001 Census and 2011 Census*

**Proportion of people (aged 3 and over) able to speak Welsh, by ward, 2001 and 2011 – the lowest ten:**

Name of Ward	2001		2011		Change
	Position	Percentage	Position	Percentage	
Beaumaris	1	39.7%	4	39.5%	-0.2%
Rhosneigr	2 (equal)	42.6%	1	36.0%	-6.6%
Trearddur Bay	2 (equal)	42.6%	2	38.1%	-4.5%
Holyhead – Town ward	4	43.2%	3	39.1%	-4.1%
Maeshyfyd	5	43.7%	7	40.6%	-3.1%
Morawelon	6	45.3%	6	40.4%	-4.9%
Llanbedrgoch	7	45.5%	9	43.9%	-1.6%
Porthyfelin	8	45.7%	5	39.7%	-6.0%
Kingsland	9	48.0%	8	42.9%	-5.1%
Moelfre	10	51.4%	10	52.3%	0.9%

*Source: 2001 Census and 2011 Census*

In 2001, there were 10 wards in Anglesey where over 70% of their population spoke Welsh but, by 2011 the number had dropped to 8 wards. The importance of communities with 70% and more of the population aged 3 and over who speak Welsh is noted in *Iaith Pawb*, the Assembly Government's Action Plan for a Bilingual Wales published in 2003. Halting the decline in the number of communities which maintain a relatively high level of linguistic vitality is one of the key targets of the strategy. It is emphasised in *Iaith Pawb* that the aim by 2011 is that: -

- The decline in the number of communities where Welsh is spoken by over 70% of the population is halted

Reference was made in the policy document to the fact that the number of communities where over 70% of their population speak Welsh has decreased over the past decades and that there is a risk that the reduction could threaten the future of Welsh as a living, community language: -

'It could be argued that if the decline were to continue, it could threaten the existence of the Welsh language as it would no longer have the natural environment in which it was spoken in a variety of social situations.'

Since the position of Welsh is more fragile by now, 70% has been accepted as a 'tipping point'. As the term implies, experts in the field of sociolinguistics are of the view that the process of retreating accelerates as the percentage of speakers falls below this level. The decline is then sudden and occurs for many different reasons - mainly due to an increase in mixed language marriages, a reduction in the frequency of use, lack of confidence, the increasing spread of English into Welsh social domains and a perception of the worthlessness of the language in a world that is gradually becoming increasingly uniform and Anglo-American.

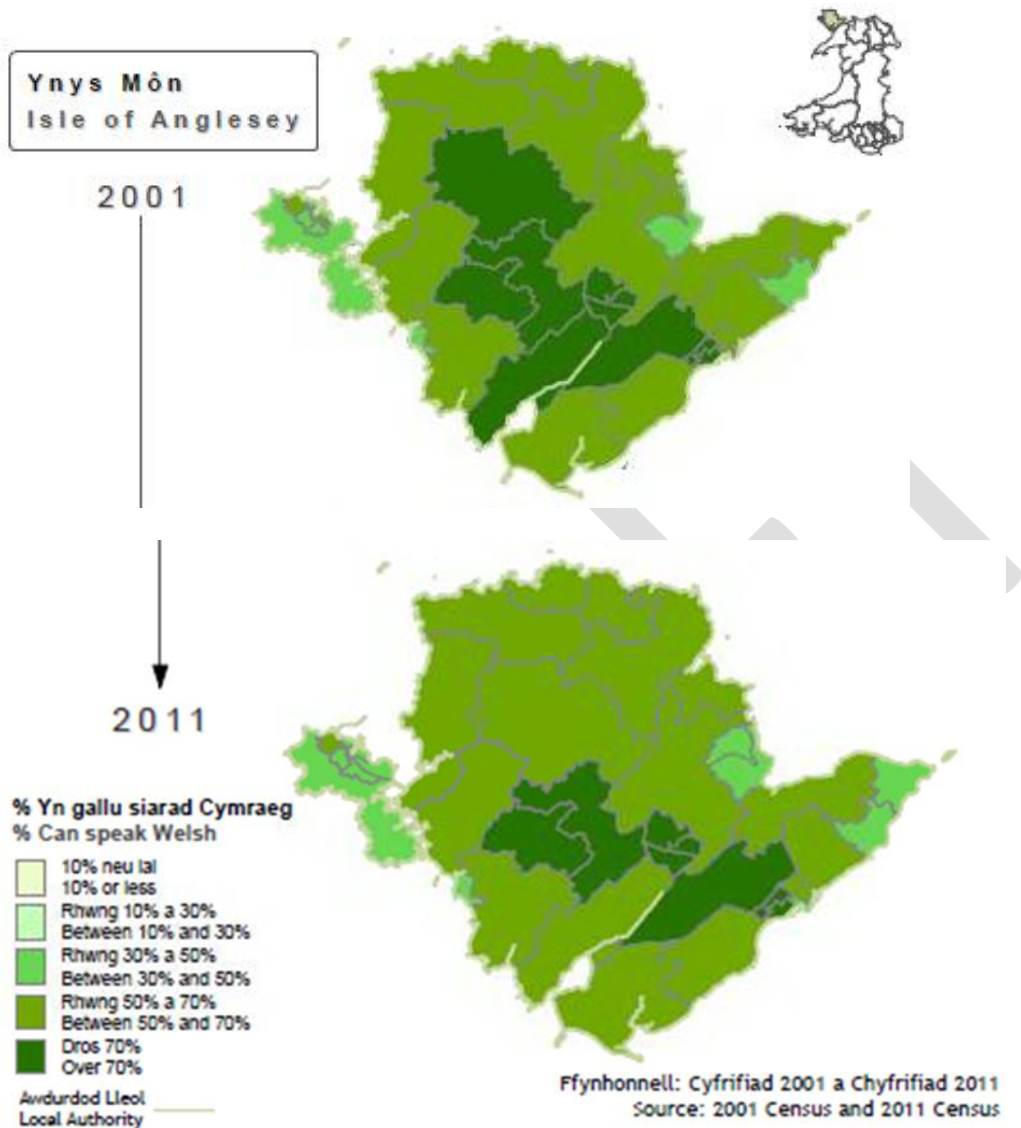
In 2011, there were three wards with over 80% of the population able to speak Welsh and these three wards are located in Llangefni. Cyngar ward was the ward with the highest proportion of Welsh speakers (80.8%), followed by Tudor ward (80.7%) and Cefni ward (80.5%).

The lowest proportion of Welsh speakers in 2011 was in the Rhosneigr ward, with only 36.0% of the population speaking Welsh. The largest decline in the proportion of Welsh speakers was seen in Aberffraw, which decreased from 69.4% in 2001 to 60.4% in 2011.

Looking at the distribution of all the island's wards by the proportion of people aged 3 and over who could speak Welsh, in 2001 there were 27 wards where over half the population was able to speak Welsh but the numbers fall as we look at areas around the coast and seaside towns. 27 of the wards (67.5%) where more than half the population was able to speak Welsh on Anglesey in 2011 were lower than the 31 wards (77.5%) in 2001.

DRAFT

## Canran y Siaradwyr –Rhanbarthau Etholiadol Percentage of Speakers – Electoral Divisions



### Welsh Speakers by age

The percentage of Welsh speakers on Anglesey varies by age category and Figure 1 shows the proportion of the population who can speak Welsh, by age group, in 2001 and 2011. Table 1 on the next page also contains information on the numbers of Welsh speakers by age group for both periods.

As shown in Figure 1, in 2011 relatively higher proportions of the population in the younger age groups could speak Welsh, with the highest proportion in the age group 5-15 years. There is an increase in the proportion of children aged 5-15 who can speak Welsh, from 77.8% in 2001 to 80.1% in 2011, an increase of 2.3 percentage points. It is likely that the slight increase in this age group can be attributed to the success of the County's Education Policy. Despite this increase in the proportion

who can speak Welsh, a decrease of 924 individuals (12.6%) was seen in the number of Welsh speakers aged 5-15. This is the largest decline in the number of Welsh speakers among all age groups. The fact that there were 1,426 fewer children aged 5-15 in 2011 than in 2001 is likely to contribute significantly to the situation.

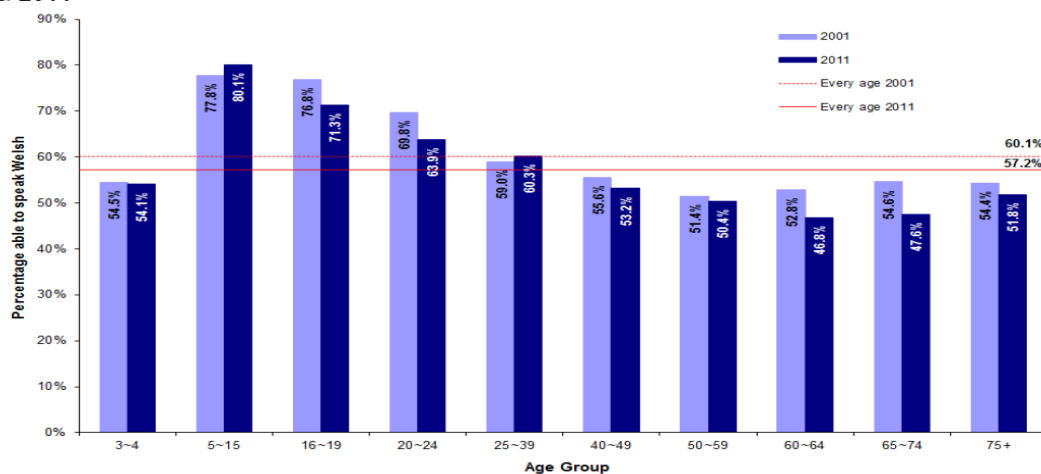
An increase of 1.3 percentage points was seen in the proportion of Welsh speakers among the 25-39 age group, changing from 59.0% in 2001 to 60.3% in 2011. Again, this increase in terms of the proportion of Welsh speakers is not the same situation in terms of the number of Welsh speakers. A decrease of 496 individuals (7.0%) was seen in the number of Welsh speakers aged 25-39 over a period of ten years. This is very significant in terms of language planning as this is the age group most likely to raise a family in the coming years. The outward migration of young people to pursue careers as well as the loss of language skills after leaving the education system are likely factors for this decrease.

From this age group onwards, the proportion able to speak Welsh is falling continuously reaching a minimum of 46.8% among the population aged 60-64. This implies that immigration from non-Welsh older people has occurred in this age group. Many of the coastal resorts on the island are seen to be attractive to retire to them.

The proportion is steadily increasing, reaching 51.8% for the population aged 75 and over.

But for the two age groups 5-15 and 25-39 years old, every other age group has seen a reduction in the proportion of speakers, as shown in Table 1 (column 'In percentage points').

**Figure 1: Proportion of people (aged 3 and over) who can speak Welsh, by age group, 2001 & 2011**



Source: 2001 Census - Table CS146; 2011 Census - Table DC2203WA

**Table 1: Number and proportion of people (aged 3 and over) who can speak Welsh, by age group, 2001 & 2011**

Age Group	2001		2011		Change 2001-2011		
	Number	%	Number	%	In number	In number (%)	In percentage point
3-4	797	54.5%	827	54.1%	30	3.8%	-0.4%
5-15	7,318	77.8%	6,394	80.1%	-924	-12.6%	2.3%
16-19	2,371	76.8%	2,196	71.3%	-175	-7.4%	-5.5%
20-24	2,306	69.8%	2,467	63.9%	161	7.0%	-5.9%
25- 39	7,131	59.0%	6,635	60.3%	-496	-7.0%	1.3%
40- 49	4,854	55.6%	4,992	53.2%	138	2.8%	-2.4%
50- 59	5,105	51.4%	4,755	50.4%	-350	-6.9%	-1.0%
60- 64	2,144	52.8%	2,557	46.8%	413	19.3%	-6.0%
65- 74	3,693	54.6%	4,080	47.6%	387	10.5%	-7.0%
75+	3,174	54.4%	3,665	51.8%	491	15.5%	-2.6%
All ages (3+)	38,893	60.1%	38,568	57.2%	-325	-0.8%	-2.9%

Source: 2001 Census - Table CS146; 2011 Census - Table DC2203WA

## Migration

There was an increase of 2,922 in the population of Anglesey during the period between 2001 and 2011. The increase was not based solely on natural growth (i.e. births and deaths). The change was mainly due to the impact of immigration. Over the last decade (mid 2001 to mid-2011) an average of 2,350 people has immigrated every year to Anglesey from the rest of the UK. This is equivalent to the population of Valley. People have also been emigrating, but since this is a smaller number than the number immigrating annually, in general, there has been a positive net migration of about 150 people each year.

In Anglesey emigration is at its highest among the age group 15-29 with an average of approximately 180 more people in this age group moving out of the county than moving in<sup>2</sup>. Among the likely reasons for this are full-time students moving to study and recent graduates and young people moving from Anglesey to pursue careers.

Immigration is at its highest among the 45-59 age with an average of 130 more people in this age group moving into the county than moving out. It is likely that the main reason for this is that people are choosing to move to Anglesey to retire<sup>3</sup>.

<sup>2</sup> Welsh Government, An Introduction to the Anglesey Strategic Language Forum 24/09/13

<sup>3</sup> Gwynedd Council on behalf of the Isle of Anglesey County Council (2014), 'Darlun o Sefyllfa'r Gymraeg yn Ynys Môn'

The Council's aim is to attract back the Welsh speakers who have emigrated, perhaps to study or to pursue careers and raise families. To succeed, we must ensure positive employment opportunities, various social opportunities and high standards of education with Welsh being an essential element of this way of learning, working and living.

Previous plans carried out by the Language Initiative and other partners show the positive impact initiatives that help newcomers and immigrants to assimilate fully into their new communities. Through innovative schemes that present the context and history of the Welsh language, traditions and local culture and enlist the support of local Welsh speakers to acknowledge their Welsh language and identity, the efforts of newcomers to learn Welsh and to be part of the area they settled in can be influenced and supported.

## **The Strategy's Focus**

This strategy's priority areas are designed so that they are aligned with the strategic areas of 'A living language: a language for living - Welsh Language Strategy 2012-2017', namely the Welsh Government strategy. This was done to ensure that there was strategic and consistent cascading from the highest level to the local level. Some of the Government's strategy priority areas have been coupled in this strategy, for convenience, and three priority areas have been identified:

Priority Area 1 - **Children and Young People / The Family**

Priority Area 2 - **The Workplace, Welsh Language Services, the Infrastructure**

Priority Area 3 - **The Community**



## Priority Area 1 – Children and Young People / The Family

The Language Strategy's first priority area is focused on children and young people and family as language transfer from one generation to another, together with education, are seen as two of the most important areas in terms of language planning. The strategy's focus is also on ensuring opportunities for children and young people to use Welsh socially.

### **Aim:**

**An increase in the number of families where Welsh is used as the main language with children, with an increase in the opportunities and support for it to be used socially and to ensure progress**

**Ensuring that all children have the right to be fully bilingual by the age of 16**

**Increasing the capacity and the use of Welsh as a medium of communication and learning among children and young people in education and in social activities**

### **The desired outcome:**

An increase in the number of children and young people who use the language every day at school and socially

An increase in the number of families who use Welsh as the main language with their children

### **Indicators**

100% of schools have identified priority to the Welsh language and the Language Charter within their Development Plans and are experiencing progress

Minimum % receiving a Welsh first language assessment in May 2017:

Foundation Stage	KS2	KS3	KS4
76%	76%	68%	66%

Increasing by 10% (on the basis of the year's cohort) in 3 years the percentage of pupils studying Welsh first language, and further progress of 5% by 2022

Increasing by 5% the percentage of learners who study at least 5 subjects other than Welsh through the medium of Welsh to GCSE by 2020 and further progress of 5% by 2022

Increasing by 5% the percentage of learners aged 16-19 studying further education courses through the medium of Welsh or bilingually by 2020

Increasing the numbers of children taking part in the Welsh-medium swimming lessons

Number of sports and leisure activities that mainstream the Welsh language

**See the action plan for year 1. The plan will be updated annually.**

## Language transfer

The Welsh Government strategy, *Living Language: A Language for Living 2012-2017* notes the importance of language transfer from one generation to another as a core element in the process of maintaining a language. Increasing the use of Welsh within families is a key priority for the Welsh Government for safeguarding the future of Welsh.

*"Welsh is not likely to prosper as a community and social language if it relies solely on the education system as a means of enabling new speakers to learn the language. It needs to be the language of the home to as many children as possible, and no doubt, the acquisition of language in this way is a natural and effective way to become a fluent Welsh speaker"*<sup>4</sup>

It is noted in the report *Increasing the number of communities where Welsh is the main language* (Welsh Government, December, 2013) that the profile and status of the language within a community can be important factors in the context of language transfer. This is complemented by an Impact Assessment report: *Growth and Onwards* (Bangor University, 2008) that suggests a link between these factors and the desire of parents to pass the language on to their children.

The 2011 Census figures show that in Table 11 below 80.1% of 3-4 year olds in Anglesey speak Welsh when 2 parents speak Welsh at home. This percentage drops to 47.5% when only one parent speaks Welsh. A further reduction to 20% is seen in households where neither parent speaks Welsh.

The Census figures in Table 11 also show that there was a decrease between 2001 and 2011 from 49.1% to 47.5% of 3-4 year olds speaking Welsh in Welsh-speaking households where two parents speak Welsh and a decrease from 69.8% to 60.8% in households where one parent speaks Welsh. On the contrary, and in accordance with the national trend, the figures show an increase from 15.5% to 20.6% in the number of children aged 3-5 years who speak Welsh in households where two parents do not speak Welsh.

These figures show that it is important to convince parents who speak Welsh of the value of transferring the language to their children and that they need support to enable them to ensure that their children gain the necessary experiences to develop children's language skills from an early age. On a positive note, it can be concluded that the influence of the education system in Anglesey has managed to increase Welsh language skills of children aged 3-4 in households where two parents cannot speak Welsh by 5% during the decade between both censuses. This is one of the Menter Iaith's areas of work and by working with prospective parents, families and young children a link is created with the community, families and partners in the area. by coordinating and hosting Welsh medium activities for families locally the wider vision of Menter Iaith Môn is actualised. Within this priority and to ensure continuation to the TWF project (which has come to an end) a relationship has been formed with Mudiad Meithrin on the Island to attempt establish a new provision such as new 'Ti a Fi' groups.

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<sup>4</sup> Welsh Government (2012), *Living Language: a Language for Living – Welsh Strategy 2012-2017* (page 25)

**Table 11: Welsh Transfer Rates, 2001 & 2011**

One family households with children aged 3-4	Anglesey		Wales	
	2001	2011	2001	2011
Couple – Two adults able to speak Welsh	79.0%	80.1%	82.0%	82.2%
Couple – One adult able to speak Welsh	49.1%	47.5%	39.9%	45.4%
Couple – No adults able to speak Welsh	15.5%	20.6%	8.6%	13.2%
One parent– Adult able to speak Welsh	69.8%	60.8%	55.3%	53.3%
One parent– Adult unable to speak Welsh	25.2%	25.4%	9.8%	14.4%

Source 2001 Census – C0156; 2011 Census - Table DC2601WA

### Anglesey's Welsh Education Scheme

According to the 2011 Census, there are 11,861 children and young people aged under 16 living in Anglesey, which corresponds to 17% of the population. Of these, 54.1% of children aged 3-4 years speak Welsh and 80.1% of children aged 5-15 speak Welsh. There has been an increase of 2.3% in the 5-15 age group since the 2001 Census, which is a reflection of the positive influence of the County's Welsh in Education Strategic Plan to develop language skills.

Since September 2004, all children aged 3 years have been offered free half time education. That education can be provided either in a maintained school or at funded locations (Jones, 2012, p 64). The funded locations include approximately 50 Mudiad Ysgolion Meithrin groups on the island. The Isle of Anglesey nursery education's specific objective is to ensure that all children are given a solid foundation in Welsh in order to enable them to achieve the goal of full bilingualism in due course.

The County's Language Education Policy sets the ambitious goal of "ensuring that all pupils in the county have the appropriate language skills in Welsh and English to become full members of the bilingual society of which they are a part." To ensure all schools can achieve this goal, the policy will be reviewed during 2016-2017. There are 47 primary schools, five secondary schools and one special school in Anglesey.

The majority of children who are learning Welsh as a first language at school have been assessed in Welsh at the end of Key Stage 1, or the Foundation Stage since 2011 (the end of year 2).<sup>5</sup>

The number of pupils in the KS1 group (FS from 2012) and the number assessed in Welsh as a first language are shown below:

<sup>5</sup> Gwynedd Council on behalf of the Isle of Anglesey County Council (2014), '*Darlun o Sefyllfa'r Gymraeg yn Ynys Môn*' (page 35)

	2010	2011	2012	2013	2014	2015
KS1	456/650	469/682	510/678	468/671	520/721	539/755
	<b>70%</b>	<b>69%</b>	<b>75.2%</b>	<b>69.7%</b>	<b>72.1%</b>	<b>71.4%</b>
*/number assessed/number in the group						

Statistics for 2015 show that 539 aged seven Anglesey pupils have been assessed in Welsh. 89.8% of pupils succeeded in reaching Outcome 5 or better in their assessment:

Outcome 5+	484 / 539	89.8%
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There is a variation in the level of the challenge that catchment areas face and this is a contributing factor to the success of promoting the bilingualism of pupils, and the PLASC census data that shows how many pupils speak Welsh at home gives a good idea of the task of schools.

The Education Service recognises the need within this strategy to support primary schools, where the challenge is high to increase the number of pupils receiving a Welsh assessment, such as in the Holyhead area, and to increase percentages reported to the Government.

A target has been set by 2017 to ensure that 76% of seven year old children receive a Welsh (first language) assessment. When collaborating to change the situation of schools where the linguistic challenge is highest, the aim is to increase the number of learners identified as Welsh first language learners as follows:

	2017	2019	2021
FS	76%	84.8%	89.5%
KS2	76%	89.5%	89.5%
KS3	68%	76	89.7%

## Further Education

The Llandrillo Menai Group was formed in April 2012 when Coleg Llandrillo and Coleg Menai merged. The Group operates primarily as a provider of further education within four counties in North Wales, namely Anglesey, Conwy, Denbighshire and Gwynedd.

The organisation faces a number of challenges in relation to Welsh-medium education provision such as:

- strengthening the positive perceptions of the organisation as a bilingual provider; raising students' confidence to study through the medium of Welsh;
- Empowering staff capacity and skills to provide through the medium of Welsh;
- Applying pressure on boards to award qualifications in Welsh;
- Increasing awareness of the advantages of Welsh as an employment skill.

Below are details of the number and percentage of full-time students who are studying and being assessed for at least one module of their courses through the medium of Welsh across the three colleges that are part of the Grŵp Llandrillo Menai (Coleg Meirion Dwyfor (CMD), Coleg Menai (CM), Llandrillo College (CLI):

	2014-2015 Rh/N	2014-2015 %
Number of full-time students at the college	Group 6137	Group 100%
	C LI 3199	C LI 52%
	CMD 1207	CMD 20%
	CM 1731	CM 28%
Number and percentage of full-time students studying at least one module of their courses through the medium of Welsh	Group 2503	Group 41%
	C LI 15	C LI 0.5%
	CMD 1154	CMD 95.6%
	CM 1334	CM 77.07%

	2014-2015 Rh/N	2014-2015 %
Number and percentage of students being assessed in at least one module of their courses through the medium of Welsh or bilingually	Group 26	Group 0.42%
	C LI 1	C LI 0.03%
	CMD 814	CMD 67.4%
	CM 206	CM 11.9%

The Llandrillo Menai Group has established a system to measure and track learners in the post-16 stage who continue to study through the medium of Welsh or bilingually in order to increase and maintain the use of Welsh among post-16 learners in the Further Education sector. This procedure means that the tracking occurs at College level and programme area, which means there is no sharing of data on students who live in Anglesey alone. However, it is relevant to look at the three colleges' data, and in particular Coleg Menai, as this is where most of the students who live on the island are studying their further education courses.

It is intended to set targets for progress in bilingual provision at each programme area level by September 2016, which will lead to the development of the progress in bilingual provision.

### **Children and young people's social use of Welsh**

Despite the success of the County's Welsh in Education Strategic Plan in developing language skills among children and young people, it is recognised that it is difficult to always measure the use of Welsh outside the classroom environment and in social situations.

The Language Charter, which has been adopted in Anglesey schools, provides structure to lead to an increase in children's social use of Welsh. The Charter requires the involvement of all members of the school community which is the school council, the pupils, the workforce, parents, governors and the wider community in order to ensure full ownership of it. The schools are working towards bronze, silver and gold awards, aiming for Gold over a three year period. At the beginning of the process, a baseline is established with sound evidence of the linguistic situation within the school community involved so that it can develop a single vision for that school in due course. Setting targets and measuring progress is necessary in implementing the Language Charter and all schools will be able to formulate their own actions that are suitable for them. There are 5 steps towards the 'summit' which is the goal the school recognises within its own vision. Depending on the linguistic background of pupils, the targets range from setting up the habit of speaking Welsh, changing attitudes, raising linguistic confidence to influence the numbers of Welsh speakers beyond the school walls and playground to improve and ensure linguistic accuracy. The Language Charter also encourages parents to learn Welsh because of the obvious benefits derived not only from being able to help their children and appreciate their progress, but also to assimilate into the community, improve career opportunities and in attitudes of identity. In that regard, it will cooperate closely with the north-west Wales Welsh Learning Consortium to plan and offer dedicated training for parents.

Many organisations provide opportunities to use Welsh on the island and the aim of the language strategy is to plan with the intention of normalising and mainstreaming Welsh into existing social activities and into some of the new activities. The County Council is responsible for maintaining 26 Youth Clubs, five Open Award Centres in each secondary school's catchment area and a Lunchtime Accreditation Club at Holyhead High School.

The Urdd has 58 branches on the island with 11 community sections providing a range of social opportunities for the children and young people of the island. Set out in the Urdd Gobaith Cymru's Annual Report for Anglesey for 2015-2016 is that 4801 individuals have registered for eisteddfod competitions and 1477 individuals have participated in sports activities over the reporting period in question. An aim of the organisation at a local level is to increase its reach through the use of social media.

There are six Young Farmers clubs in various geographical locations on the island, namely, Bodedern, Dwyran, Llangefni, Llangoed, Penmynydd and Rhosybol.

The Young Farmers is a rural youth organisation that operates across the country, to meet the needs of rural young people. The Young Farmers offers a variety of educational, training and social programmes, which encourages personal development, community activity, environmental concern and social interactions. The main purpose of the organisation is to create opportunities for the members' ability to shine.

There is Specialist youth staff within Menter Iaith Ynys Môn, working in different areas to develop activities, conduct workshops and sessions and provide various social opportunities. These include weekly workshops led by professional drama tutors within the Anglesey Youth Theatre, a music making project, '*Bocsŵn*', the '*Rhwydwaith Perfformwyr Ifainc*' (Network of Young Performers) which offers an opportunity for young people to organise gigs themselves and '*Prosiect Radio*' (Radio Project) that has placed radio equipment in each of the five secondary schools on the island for broadcasting programmes. There is also the project '*Cyfle: Creu=Cofio*' (Chance: Create = Remember) which is a digital project where young people can create their own film and radio items tracing and explaining elements of the heritage of Welsh on the island. The Language Initiative also provides language awareness presentations to encourage young people to express their views on the Welsh language as well as learning about the social and economic benefits of the language.

## Priority Area 2 – The Workplace, Welsh Language Services, The Infrastructure

The Language Strategy's second priority area focuses on the workplace, Welsh language services and the infrastructure. The objective here is to identify opportunities to plan purposefully to mainstream Welsh naturally into these priority areas.

### Aim

**To promote and increase the availability of Welsh language services, increase opportunities / expectations to use Welsh in the workplace and work together to identify opportunities to mainstream the language into developments and activities.**

### The desired result:

Increased use of Welsh as the County Council's language of administration. An increase in the profile of the Welsh language as a catalyst for change by Anglesey County Council and Town and Community Councils.

### Indicator

An increase in the use of Welsh in the administration of the county council as a spoken/and or written language

100% of language impact assessments are carried out on any housing, economic / business developments

Number of language policies by developers and the impact of policy implementation within \* month/s

% increase in those taking Welsh Learning Courses

Number following Welsh Language Learning Courses

Increase in employment for local people in the major developments

**See the action plan for year 1. This plan will be updated annually.**

### The language in the workplace

The workplace is one of the key areas which determines the language that people use. A significant number of respondents to the Local Government's consultation on *Living Language: A Language for Living - Welsh Language Strategy 2012-17* agreed "that the workplace has a key role in building the confidence of Welsh speakers to use the language in other areas of their lives ... and that developing the status of the language in the workplace is important in terms of emphasising the value of Welsh-medium education "(Welsh Government, 2012, p.37).<sup>6</sup>

<sup>6</sup>Gwynedd Council on behalf of the Isle of Anglesey County Council (2014), '*Darlun o Sefyllfa'r Gymraeg yn Ynys Môn*' (page 35)



In 2013, a survey<sup>7</sup> was conducted among more than 4,000 employers in Wales that operated in eight sectors to provide accurate and reliable information about the needs of employers in terms of Welsh language skills. According to the survey, 81% of Welsh speakers used Welsh with colleagues at least occasionally where the employer is supportive of the use of Welsh in most aspects of the operation of the business. The percentage was slightly lower among workers whose employers were not supportive of the use of Welsh in informal circumstances, while 51% said that they spoke Welsh with their colleagues but the employer does not support the language.

In Gwynedd and Anglesey, nine out of ten Welsh speakers in employment said that they speak Welsh with colleagues at least sometimes.

It also appears that those individuals who work for employers who support the use of Welsh in most aspects of the business are much more likely to write something in Welsh. 64% write something in Welsh at work at least sometimes. Nevertheless, nearly a third said they will write something in Welsh at least sometimes in their work, although they did not believe that their employer was supportive of the language. Nearly three-quarters of workers in the public sector believed that their employer was supportive of the formal and informal use of Welsh within the business compared to 41% in the private sector.

If there is to be an increase in the use of Welsh in the workplace, raising awareness of the availability of Welsh services and their prominence is a central part of their usage. According to the survey of employers in Wales held in 2013, workers who spoke Welsh in the public sector were almost three times more likely than workers in the private sector to be offered something from their employers to show that they can speak Welsh. Results of a Research Report on Local Authorities' Welsh Language Services (Beaufort Research Ltd 2015), support the need to raise awareness, i.e. that 80% of fluent Welsh speakers in North Wales agree with the statement *"If I know I can deal with a relevant department of the local authority in Welsh, I will always do that."*

Anglesey County Council is committed to increasing the use of Welsh in its internal administration, both orally and in writing, and the County Council resolved at its meeting on 12 May, 2016 to monitor progress on an annual basis by issuing a report on it to be submitted to the Scrutiny Committee at the same time as the annual report on the implementation of the Welsh Language Policy. The process will begin by establishing a baseline of the number of employees who work through the medium of Welsh within the organisation. It is also intended to review the Council's Language Policy by May, 2018.

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<sup>7</sup> Welsh Government (2015), Welsh language use in Wales, 2013-15

As part of the language planning process, the Council will identify which oral and written language skills are needed for each job and the language skills of the workforce will be assessed in order to monitor the number of Welsh speakers. In addition, appropriate courses, at all levels, will be provided during working hours for employees of the Council to empower their Welsh language skills.

### **The Availability of Welsh Language Services**

The Welsh Language (Wales) Bill 2011 has created a fundamental shift towards providing language choice and language need, shifting the responsibility for ensuring appropriate services from the user to the provider. The Language Standards brought about by the Bill paves the way for creating rights for Welsh speakers so that they can receive services in Welsh. In addition, the '*Strategic Framework for Welsh Language Services in Health, Social Services and Social Care - More than Words*' was published in the context of the legal requirements of the Bill. The Language Standards and *More Than Words* are attached to the principle of providing the user with the 'proactive offer' of language choice.

The County Council is now subject to the Language Standards and many partner organisations will receive notices of compliance by the Welsh Language Commissioner in due course. This strategy will set out actions for the implementation of the principles of *More Than Words*.

## Priority Area 3 – The Community

The Language Strategy's third priority area focuses on promoting the Welsh language at community level.

The Welsh Government Strategy, *Living Language: A Language for Living 2012-2017* states that specific challenges vary from region to region but are likely to include some common issues. The housing market is unstable on the island with a lack of affordable housing for the local population. In addition, there is a lack of well-paid and stable jobs and an over reliance on the public/provider sector as well as some specific industries such as tourism and agriculture. These are real challenges in terms of retaining young people and families on the island.

Language transfer rates are also a challenge within the community with a low number of parents / carers transmitting Welsh to their children, the low status of the language within the community, lack of opportunities to use the language at a community level and the impact of immigration and emigration levels on the demography of the island. For communities to thrive, it is also important that there are opportunities for the island's residents and immigrants to use the language and to use it socially.

It is acknowledged that the linguistic renewal work must be aligned with the improvement of the social and economic infrastructure.

### **Aim**

**Promoting and marketing the value and importance of Welsh**

**Promote and identify opportunities to strengthen the Welsh language within the communities and identify gaps in provision.**

### **The desired result**

Maintain the wards where 70% of the population speak Welsh and increase the percentages of the other, remaining wards.

### **Indicator**

An increase in wards with over 70% speaking Welsh  
An increase in wards with over 50% speaking Welsh  
Number of activities undertaken to integrate Welsh learners  
Number of Welsh in the community or Welsh for the family classes  
An increase in the number involved in Welsh-medium volunteer activities  
Increased use of the translation app  
An increase in the number of meetings held in Welsh within the County Council  
Number of visits to the Web site that advertises Welsh-medium activities  
Number of developments that comply with the policies of the Local Development Plan  
Number of empty houses on the island brought back into use as permanent housing  
Number welcome packs distributed to immigrants / downloaded

**See the action plan for year 1. This plan will be updated annually.**

## **Social use of Welsh at a community level**

Menter Iaith Môn is active throughout the island ensuring a diverse selection of positive Welsh-medium activities and events are offered for all ages in order that there is recognition of the social and economic value of the Welsh language. The Language Initiative is working in those areas with high numbers of Welsh speakers in order to ensure that these areas of strategic importance to the Welsh language are maintained and flourish.

The Language Initiative also recognises that in order for the Welsh to continue to thrive, there is also a need to identify opportunities to raise residents' confidence to use Welsh confidently in areas with lower numbers of Welsh speakers. According to the results of the 2011 Census, nearly 20% of residents in Holyhead state that they understand spoken Welsh and 60% of people state that they understand Welsh but don't use it. To respond to this challenge, the Initiative has started to work intensively in the Holyhead area by locating an officer in the town in order to work with families, children and young people and the community to identify opportunities to increase the use of Welsh at a social level.

To plan purposefully for the future, the need to create linguistic profiles of all the areas of Anglesey is recognised. Such profiles would identify gaps in provision, the desire among communities to try to secure the Welsh language services locally and strengthen social provision for children and young people to use the language. The exercise would also provide an opportunity to promote Welsh with the business sector and the importance of language transfer within the family.

From working together to identify opportunities to raise residents' confidence to speak Welsh, and identifying and influencing opportunities to create a hive of Welsh social activity, we can work towards the objective that the Welsh language is acknowledged as part of the fabric and infrastructure of the community, creating vibrant communities, and create a powerful link between language-house-work.

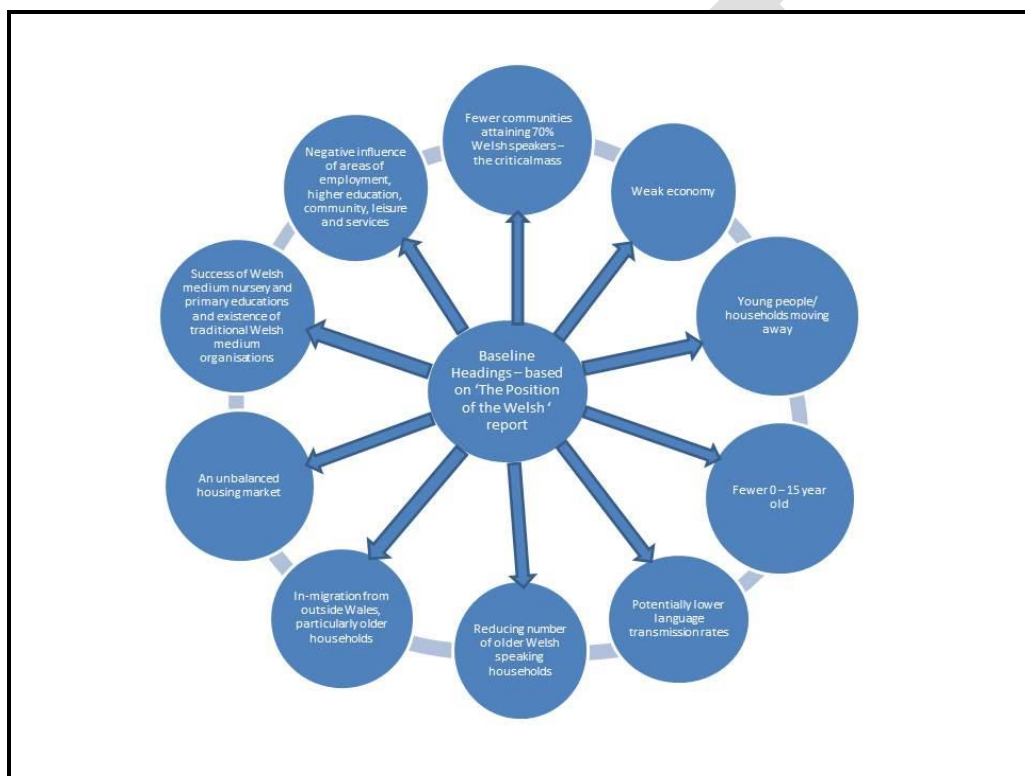
The advent of the National Eisteddfod in 2017 is a perfect opportunity to promote Welsh language activities that raise money towards its staging, and throughout the period of this strategy, we want to ensure that the impact and legacy of the Eisteddfod are far-reaching.

## **The Local Development Plan**

The Supplementary Planning Guidance for Planning and the Welsh Language (September 2007) outlines that the moderate stability or growth of the population, combined with a good quality of life, a strong economy, high quality infrastructure and a vibrant social and cultural life, are all central to community cohesion and sustainability. Where the Welsh language is part of the social fabric of the community, its fate and well-being is inevitably bound to the wider prosperity of that community. If a development is likely to be detrimental to any of these aspects, it can also have a detrimental effect on the Welsh language. However, if it is sensitive to the local context, e.g. it supports the local economy, then the impact is much more likely to be positive. The construction and implementation of projects and major developments entails significant work that could ensure investment and wider benefits to the island and its communities.

As outlined in the Gwynedd and Anglesey Local Development Plan (which is in the deposit stage), to ensure that communities develop in a sustainable way, it is essential, when considering any changes, to consider all the factors influencing the position and that the new development being planned is appropriate and relevant.

Anglesey County Council is working with Gwynedd Council to draw up a Local Development Plan (LDP). The LDP will focus on local issues and objectives, and will do so in accordance with local strategies and an evidence base. It is required under Section 61 of the Compulsory Purchase Planning Act that Local Planning Authorities keep evidence on the current level of the use of Welsh in the area. Information from several sources, including the 2011 Census was collated and analysed. The following diagram provides an overview of the main messages:



Based on an analysis of the evidence, one of the topics considered in preparing the LDP is how the strategy and policies are likely to affect the use of Welsh and the sustainability of communities. The future of the language will depend on a great many factors, particularly education, demographic change, community activities and a sound economic base to sustain thriving and sustainable communities. Not forgetting that the LDP cannot differentiate on the basis of the linguistic ability of individuals, the land use planning system can contribute to the well-being of the Welsh language in the future by creating the conditions that would allow sustainable communities to thrive. Therefore, it is important that the LDP consolidates strategies such as the Language Strategy to promote the infrastructure (key housing, work places and facilities) to maintain the County's communities.

Section 70 of the Town and Country Planning Act 1990 makes it clear that it could consider the effects of the use of Welsh, where relevant to the planning application, when determining an application for planning permission. This provision does not give more weight to the Welsh language than to any other relevant consideration at the time of the planning application. The Supplementary Planning Guidance will give guidance to ensure a development that is good enough to be approved, including the use of mitigation measures, adverse impacts and measures to promote positive impacts. Planning conditions and Section 106 agreements can be used, where appropriate for the provision of infrastructure that supports the Welsh language.

## **Housing**

One of the major challenges in Anglesey is to ensure an adequate supply of affordable housing for our residents, quality housing that will lay a solid foundation to enable them to work here on the Island and maintain the use of the Welsh language.

In 2011, the population of Anglesey was 69,751 with this population housed in 34,183 property dwellings. The main factor defining the affordability of household is income. During 2015, the median income for Anglesey residents in full time employment was £24,721 which is lower than the national average of £29,016 according to the National Statistics Office.

If we were to look at the median price of property dwellings here on the Island this is £186,229, which is higher than the national average of £162,904. House prices have increased by 21.7% during the period 2011-2015 compared to just under 10% as a national average. This means that house prices on the open market here on Anglesey are 7.5 times the median income compared with the national average of 5.6 times the income.

Looking at the statistics above, it can be seen very clearly that the supply of affordable housing here on the island must be increased to ensure that our young people starting their careers and working life can afford to get an affordable home locally on the island so that employers can employ Welsh speakers within their workforce and that this increases the use of Welsh in business and commerce. Demographic projections show that for the period 2015 – 2026, 2420 additional properties will be required, which equates to 220 per year.

As part of the solution for supplying the additional need for housing, we will take further steps to ensure that we bring as many empty houses as we can back into use as well as build new houses and manage rented housing in private ownership.

When building new houses outside the most urban areas of the county, we conduct a survey on the needs of affordable housing within the county's most rural areas and give consideration to using exception land for the development of affordable housing that would be available with a number of different tenures to address the demand, such as social rented housing, intermediate rent as well as a provision of affordable housing for people who would want to become homeowners.

For the purpose of ensuring that Anglesey residents are aware of the areas where affordable housing is available we will be using the TaiTeg website to market them.

## **Tourism**

Tourism is a sector that can and has contributed to local prosperity and quality of life on Anglesey. Following the Visit Wales Strategy, '*Partnership for GROWTH 2013-2020*', success will depend on the work in a way that leads to creating strong and productive partnerships. Visit Wales will work with the industry to help develop and introduce a product in accordance with market needs and create platforms for businesses to promote themselves.

The Isle of Anglesey County Council has adopted a Destination Management Plan for 2016-2020 which is a joint statement for destination management over a specific period of time, defining stakeholder roles and actions. The plan, in parts will concentrate on promoting the Welsh language and its culture and history.

By working together, a successful and sustainable tourism industry can be developed that creates wealth for the island and which uses and maintains its special environment and culture.

Tourism injects £260.45 million of much-needed money (year 2014) into the economy, and supports over 4,000 jobs on the island. In addition, the tourism sector:

- attracts 330,000 walkers on the Coastal Path, generating £14 million
- attracts 1.58 million visitors annually
- checks 2.0 million visitors travelling through Holyhead port annually
- supports services and infrastructure that run across borders and benefit local people e.g. transport links, the range of shops and services and cultural facilities
- helps to promote a positive image of the island to the outside world which, in turn, can attract investment and make people feel better about where they live
- expects a cumulative growth target of 10% by 2020

## **Energy Island Programme**

Over the next 10-15 years the Isle of Anglesey is set to benefit from a potential investment of up to £12bn, through major projects such as the:

- New Nuclear Build at Wylfa which will create 9,200 jobs during the construction phase and numerous local supply chain opportunities;
- New National Grid Transmission Infrastructure to connect the proposed low carbon developments on Anglesey to the mainland network;
- Development of a Tourism Village and Leisure Facilities by Land and Lakes.

In order to capitalise on the opportunities associated with the potential developments, the Isle of Anglesey County Council established the Energy Island Programme in 2010. The Energy Island Programme is a partnership between public and private sector organisations, including DECC, the Welsh Government and major developers, with the aim of establishing Anglesey at the forefront of energy research and development, production and servicing, bringing with it potentially huge economic rewards.

The aim of the Energy Island Programme is to:

- Help de-risk the substantial private sector investments;
- Make local people more competitive in terms of education and skills to secure job opportunities;
- Develop competitive businesses that are well placed to compete for supply chain contracts;
- Develop competitive infrastructure (sites, premises, utilities, transport etc.)
- Engage with key stakeholders to inform and update, secure feedback and respond to issues and opportunities.

The need to support Welsh communities to thrive is recognised. Consequently, appropriate economic developments should be promoted and economic opportunities provided, including rural areas, to ensure that they are attractive to the existing population and those who would like to return to the area.

Economic, educational and cultural factors and planning decisions on land use all play a key role in considering the situation of the language for the future. In order to improve the situation, it is necessary to take advantage of employment opportunities to reverse outward migration, and thus strengthen the use of the language. People of all linguistic backgrounds can contribute to meeting this economic challenge.

We need a positive attitude to enable sustainable economic development in communities across the island. The aim is to achieve a sustainable balance between economic prosperity and strengthening the number of Welsh speakers among future generations.

Through the EIP, the IACC is committed to:

- Ensuring that local people have the necessary skills and opportunities to take advantage of the anticipated job opportunities (both during construction & operation);
- The provision of relevant education, training and upskilling to ensure that local people can capitalise on all future opportunities;
- Attracting back people who have left Anglesey in search of education and/or employment;
- Ensuring that the location and type of construction worker accommodation, and the number of workers, does not adversely affect the Welsh Language;
- Ensuring that local companies have the necessary certifications/qualifications so that they can compete and take advantage of supply chain opportunities;
- Ensuring that Anglesey has adequate sites & premises (in the most appropriate locations) to attract inward investment and allow local companies to grow.



# Proposed Energy Island Related Developments



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**Stena Line**  
Holyhead Port –  
International Strategic Gateway

**LAND & LAKES**  
Environments for life  
Proposed 1100 Unit mixed use  
Development of Residential,  
Tourism Village and Leisure  
Facilities. Stage 1 – Wylfa  
Workers Accommodation

**Minesto**  
OFFSHORE DEVELOPMENTS  
West Anglesey Tidal Current  
Demonstration Zone  
38km<sup>2</sup> of Seabed

**Orthios**  
Proposed 299 MW Biomass /  
Eco Park providing Energy &  
Steam for Hydroponic &  
Aquaculture Enterprises

**Magnox**  
Existing Wylfa Power Station –  
460 MW of Low Carbon  
Energy End of Generation  
2015

**PŴER NIWCLEAR  
HORIZON**  
NUCLEAR POWER  
Proposed New Nuclear Power  
Station with generating capacity  
of around 2.7 GW of Low  
Carbon Energy

**SP ENERGY  
NETWORKS**  
Electricity Distribution Network  
Operator in North Wales -  
Connects Smaller Electricity  
Producers

**SPARC**  
Proposed Science Park bringing  
together academic researchers  
and commercial experts.  
7.8 Hectares

**Coleg  
Menai**  
Expansion of campus to include  
extension of Energy Centre

**nationalgrid**  
Connecting Proposed  
New Low Carbon Energy  
on Anglesey

The Welsh language is integral to the cultural identity and heritage of the island, and the IACC's clear ambition is to encourage and support more of the island's communities and residents to use the language as part of their day to day lives.

The proposed major projects provide a unique and unprecedented opportunity to contribute positively towards the socio-economic transformation of the island (and the wider North Wales region). The IACC sees the development, operation and legacy of these major projects (and their associated developments) as key to transforming the long term sustainability, wellbeing and 'sense of place' of the island and its communities.

The significant opportunities and socio-economic benefits provided by the proposed major projects are of critical importance to the regeneration, vibrancy and diversification of Anglesey, its residents; its economy and culture. It is imperative that the projects are developed, constructed and operated in a coordinated, integrated and informed manner to best influence, shape and support the long term future of Anglesey. The County Council strongly believes that achieving a positive and all embracing 'legacy' is fundamental/ integral to the success and acceptability of the proposed major projects.

Achieving a positive 'legacy' from the proposed developments will be dependent upon:

- The provision of opportunities for local young people to remain on the Island to live and work
- The number, type and scale of supply chain opportunities for local businesses to capitalise upon
- The provision of high quality education, training and upskilling for local people to capitalise on the job opportunities
- Attracting back people who have left Anglesey to seek employment elsewhere
- Attracting investment to enable new companies to base themselves in Anglesey/North West Wales to provide additional job opportunities for local people.
- Ensuring that all opportunities to embrace, promote and support the island's proud cultural heritage and Welsh language are capitalised upon.

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
Children and Young People / Family (e.g. Welsh in the early years, the statutory period of education, social)						
Language charter	Raise the status of the Language Charter across the Isle of Anglesey County Council's services not only within schools but among parents and the wider community	Raise the awareness of all elected members and provide information to the relevant services	- Language Charter Officer, IACC  - (Senior School Standards and Inclusion Manager) IACC	- Lifelong Learning IACC - Welsh in Education Grant - Direct Grant from WG for 2016-17- promoting the Language Charter	100% of elected members receiving information on the requirements, in writing or verbally.  90% of schools receiving a bronze award accreditation by September, 2016	
	Ensure that all schools include priorities for developing the Welsh Language and the Language Charter in their School Improvement Plan	The Language Policy of all schools stating that the 'Welsh language is the social language of this school'  Schools have undertaken a thorough evaluation of performance against the Language Web and implemented it	- Language Charter Officer, IACC -(Senior School Standards and Inclusion Manager) IACC - School Headteachers - GwE service - Catchment Area Language Coordinators - Strategic Language Forum - Education Language Forum	- School budgets	- GwE monitoring School Improvement Plans  - 100% of Schools have identified priorities and are making progress by May, 2017  -90% of schools moving on to the silver award in 2016/17  - Estyn's inspection framework including the social use of the Welsh language	

Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
	Supporting schools to develop the Welsh language skills of teaching assistants and ancillary staff	18 days of upskilling training for a group of 15 assistants in Easter 2017.  Language courses in school catchment areas for teaching assistants	-IACC / Anglesey's Strategic Language Forum / Canolfan Bedwyr / Bangor University	Welsh Government funding via a grant to Canolfan Bedwyr. Grant funding to promote the Language Charter, Welsh Government	15 teaching assistants receiving intensive training (January, 2017). Twilight sessions available to other teaching assistants	
	Preparing the way for the Welsh language in Ysgol Cybi	The catchment area schools collaborating on prioritizing the Welsh Language and the Language Charter in the School Improvement Plan	- Language Charter Officer, IACC - (Senior School Standards and Inclusion Manager) IACC - GwE Service - All the key partners - Headteacher of Ysgol Cybi	- School budgets - The Welsh in Education Grant	- 76% Foundation Phase pupils receiving Welsh assessment in May 2017	
	Provide opportunities for parents to learn Welsh to support their children but also to facilitate the assimilation of social and career opportunities	Training programme available that will be clearly and effectively promoted amongst parents	-The North West Wales Consortium for Learning Welsh	The North West Wales Consortium for Learning Welsh and the parents themselves	The consortium's approved indicators including quantitative and qualitative aspects	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
Language transmission within the family	Increase the use of Welsh within families of mixed and non-Welsh language	Increase the number of parents who speak Welsh with their children and who come from homes where one parent is able to speak Welsh	- Menter Iaith Môn - Mudiad Meithrin	- Welsh Government	250 parents indicating that they are working on changing their language habits in the home (choose one area to focus on in the first year)	
	Improving families' knowledge of the advantages of the Welsh language by mainstreaming the messages through statutory and private services (including nurseries)	Ensure that field officers, child carers and health visitors promote the importance of language transfer within the family. Identify appropriate training needs	- Welsh Government - Betsi Cadwaladr Health Board - Mudiad Meithrin - Flying Start - IACC		Ensure that 500 families are targeted	
	Raise awareness of parents/guardians of the advantages of the Welsh language	Distribute a leaflet to every prospective parent/guardian by March, 2017	- Menter Iaith Môn - Mudiad Meithrin		Increase in number of attendees at nursery groups	
	Ensure that every group has a bilingual leader	Reorganisation of nursery groups in the Holyhead area by September, 2017	- Mudiad Meithrin		100% of the Playgroup Association's leaders are bilingual	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
	Collaboration with partners that attract individuals back to work to Anglesey	Refresh the Energy Island web site and include regular information on work opportunities arising from major developments	-Energy Island Programme Officers		Establish a baseline for the number of people working outside Anglesey	
Education	Review the Isle of Anglesey County Council's Welsh Language Policy in Schools	The County's robust policy setting specific expectations for all schools and their governing bodies and ensuring consistency of action amongst schools.	- IACC - Elected Members - Lifelong Learning IACC	Funding to promote / launch	- Governing Bodies of all schools implementing the Language Policy  - 100% of parents receiving the same message about the status of the Welsh language at school, as in every school.	
	Ensuring that all aspects of the Welsh language are mainstreamed in the Foundation Phase and in an equal or higher percentage in Key Stage 2 in all schools	An increase in the number of pupils following a Welsh first language track during their time at secondary schools in the County	- IACC - Lifelong Learning IACC	- Welsh in Education Grant	- 76% of pupils in the Foundation Phase identified as Welsh pupils in the PLASC Census in January 2017  -76% of pupils in each school receiving a Welsh assessment, May 2017	
	Strengthening the support for schools to introduce Welsh Language education for pupils in areas where the challenge for the language is high	Make a case to establish a team of Language Support Teachers, KS, KS2 and KS3, under the	- Lifelong Learning IACC	- Welsh in Education Grant  - Have applied to Horizon to	- Positive response from Horizon	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
		supervision of the Language Centres, to support 3-14 years old pupils and to train teachers and assistants in language immersion methods		employ the equivalent of 6 full-time teachers		
	Increasing and maintaining the use of Welsh among post 16 learners in the Further Education sector	<p>Establish a system to assess and track post-16 learners in the further education sector who continue to study through the medium of Welsh or bilingually</p> <p>Share a baseline of Coleg Menai's bilingual provision with the Language Forum</p> <p>An increase of 4% in bilingual provision at Coleg Menai</p>	-Director of Bilingualism and Equality - Llandrillo Menai Group		<p>A procedure been established</p> <p>Baseline distributed by December, 2016</p> <p>An increase of 4% in bilingual provision at Coleg Menai during the first year (by July, 2017)</p>	
	Reconcile and formalise language categories for all schools on Anglesey with national definitions	Review and agree on definitions for the linguistic provision for all schools on	- Lifelong Learning IACC -GWE		-The Council and schools to adopt consistent and correct definitions in relation to the linguistic provision in accordance with pages 12-	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
		<p>Anglesey</p> <p>Update the Council's 'Schools Admissions Handbook' in relation to the language medium of schools</p>			<p>14 of the document <i>Defining schools according to Welsh medium provision (Welsh Government, 2007)</i></p> <p>-The IACC Schools Admissions Handbook and the definitions of actual schools conform with guidance</p>	
	<p>Support schools to move along the language continuum, building upon the IACC's <i>Strategic Plan for the Welsh Language in Education 2014-17</i></p>	<p>Agree on a 5 year timetable to strengthen every school on Anglesey, on a priority basis, commencing with the Holyhead catchment area</p> <p>Review the outcomes of the IACC's <i>Strategic Plan for the Welsh Language in Education 2014-17</i> to obtain a picture of the current situation, e.g. how many pupils sit GCSE's through the medium of Welsh</p>	<p>- Lifelong Learning IACC</p>		<p>-98% of Anglesey's primary schools are designated Welsh medium (in 5 years through moving the TR to Welsh medium and moving 1 school from EW)</p> <p>Conduct preliminary discussions with 1 secondary school on Anglesey with the view to it becoming bilingually designated (since the 4 other schools are already bilingual)</p> <p>The Council's two new schools for 2016-2017 are Welsh medium/assess Welsh as a first language</p>	



Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
The Welsh language socially	Mainstreaming and increasing the use of Welsh in sporting activities	<ul style="list-style-type: none"> <li>- Provide more swimming lessons in Welsh. 70% currently.</li> <li>- More focus on supporting and increasing the use of Welsh at Holyhead Leisure Centre</li> <li>- Explore the possibilities of providing other courses in Welsh eg fitness courses</li> <li>- Ensure that all public notices and literature within the leisure centres are bilingual</li> </ul>	- Commercial Leisure Manager , IACC		<ul style="list-style-type: none"> <li>- Reduction of 50% in the number of complaints</li> <li>- Establish a baseline for the first year</li> </ul>	
	Mainstreaming and increasing the use of Welsh in Youth Clubs	Developing staff skills in the use of Welsh by providing specific sessions at the Youth Clubs	-Principal Youth Officer (Anglesey County Council)	Youth Work Strategy Grant	Increasing the number of staff using the Welsh language in activities	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
	Increase the reach of social media to raise awareness of the Urdd's activities locally	Increasing awareness of local events	-Urdd Officers	Urdd budget	Number of 'likes' and followers	
	Set up a club for learners at Holyhead High School	Increase the use of Welsh among secondary school pupils in the catchment area of Holyhead	-Urdd / Menter Iaith Môn / Youth Service / Young Farmers	Youth Clubs Budgets	Number of attendees	
<p style="text-align: center;"><b>The Workplace</b>                      Welsh language services                      The infrastructure (eg major developments, Welsh in business, tourism, technology)</p>						
To raise the confidence of staff in using Welsh in the workplace / raise awareness of the potential of technology	Provide opportunities for staff to learn Welsh in order to facilitate their ability to work bilingually, but also to facilitate social assimilation and family support	Training programme available that will be clearly and effectively promoted in workplaces together with a free advisory service for workplaces in order to plan effective training in the workplace	-North West Wales Learning Consortium	North West Wales Learning Consortium and the parents themselves	The consortium's recognized indicators including quantitative and qualitative aspects	

Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
To ensure that the Welsh language is given a high profile and is a driver for employers and businesses	Ensure that the Welsh language is given due regard in any: (a) major developments where there are mitigations via planning and consent processes (b) any smaller developments in the community	Maintain the awareness of language issues in the implementation of local and national planning policies e.g. training on the new Planning Bill	-Head of Regulation and Economic Development, IACC  -Local representatives such as elected members, representatives of Town and Community Councils		All planning applications for retail, industrial or commercial developments where a report to the Planning Committee will have full regard to the impact of the development on the welfare of the Welsh language	
	Commitment of major developers towards Language Policies	Ensure that developers adopt policies and language plans in order to ensure equal status between Welsh and English in the workplace	-Major developers  -IACC		Number of language policies by developers and effects of policy implementation in *months	
	Increase work opportunities for local people	Exert pressure on major employers to ensure that a percentage of workers at Wylfa Newydd are local people (decrease migration and ensure children for local schools)	-Horizon  -IACC		-Response by Horizon to DCO Application (May, 2017)	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
	Develop a pack on 'The advantages of Welsh in business' for companies investing on the island (including marketing material on the benefits of bilingualism in the private sector and building on the work of the Welsh Language Commissioner), including tourism companies	Distribute the pack to all businesses that come into contact with the Council (enterprises that rent business units)	<ul style="list-style-type: none"> <li>- Welsh Government</li> <li>- Business Wales</li> <li>- IACC Economic Development Unit</li> </ul>		The number of packs that are distributed in the first year	
	Implementing the County Council's Language Policy (May, 2016) and review in 2018	<p>Work towards ensuring that the Welsh Language will be the main administrative language for the Council by, firstly, establishing a baseline of the numbers working through the medium of Welsh, both orally and in writing, by developing a questionnaire for distribution</p> <p>Establish a definition of 'internal administration'</p>	IACC		<p>Current information on Council staff training needs for targeting purposes</p> <p>The number of documents drafted in Welsh</p> <p>The number of 'Welsh essential' appointments</p>	

Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
		<p>Agree upon a 5 year rolling programme to targeting areas that require support and concentrate on providing intense support to one service</p> <p>Continue to conduct a comprehensive training programme for staff to improve their Welsh language skills (orally or written)</p> <p>Make an application to Welsh Government for additional resources to support the aim</p>				
	Promote the principles of 'More Than Words'	Provide training on the 'Proactive Offer' to IACC Social Services staff	IACC	Service budget	50% of Social Services staff receiving training on the 'Proactive Offer'	

Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
Visibly promoting the Welsh Language in the community	Producing a web site and welcome packs about the history and culture / bilingual education / advantages of Welsh / opportunities to learn the language for immigrants  Customize the County Council's web site to communicate the Welsh Language vision for immigrants	Ensure that information is available to assist immigrants in a positive way	- Welsh Government  - Regulation and Economic Development Service, IACC  Head of Democratic Services. IACC		Numbers visiting the website in the first year  The vision on the Council's website by October 2016.	
	Identifying language champions in Town and Community Councils	Establishing the principle	Town and Community Councils Forum		Establish a baseline in the first year	
	Undertake a joint marketing campaign in conjunction with the National Eisteddfod and ensure community legacy	Dialogue between the Strategic Language Forum and the Executive Committee for the 2017 Eisteddfod in order to identify priorities for the action plan	Relevant agencies		To be prepared on the basis of developing priorities and an action plan	

Year 1						
Priority area	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
The Community (E.g. housing, the planning process, culture)						
Promote and facilitate learning Welsh for adults	Ensuring opportunities for learning Welsh are widely available across the County	A programme of community courses that will be widely promoted throughout the county	North West Wales Learning Welsh Consortium	North West Wales Learning Welsh Consortium Learning and the learners themselves	The Consortium recognized indicators including quantitative and qualitative aspects	
A pack to raise awareness of volunteering opportunities through the medium of Welsh	Create an information pack on opportunities to volunteer through the medium of Welsh for Welsh speakers and learners	Completing and circulating the pack in 1 year	Medrwn Môn		Increase in the number and use of the packs	
Facilitating the use of translation equipment amongst voluntary organizations and town and community councils	Raise awareness of the phone app for simultaneous translation	Promote and continue to pilot the translation app called " Ear to Ear ", with a view to its wider adoption by organizations, groups and individuals	Business Director - Enterprise Môn		Establish a baseline in the first year	
	Raise awareness of the possibilities / various methods to meet the demand for simultaneous translation in Town and Community Councils	Identify the language used at Town and Community Councils / school governing bodies and establishing a baseline of need	One Voice Wales		The number of organizations that use it	

Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
Promote technology to normalize the use of Welsh in the community	Raise awareness of Welsh language work and activities among the residents of Anglesey by establishing Twitter and Facebook accounts and using the web site of the Language Initiative	Key partners to identify points of contact within each organization.  Link with community providers	Menter Iaith Môn to co-ordinate and all other partners to feed information		- The number of people visiting the website  - The number of people using the twitter account  - The number of people using the Facebook account	
Ensure that the language is considered in relevant planning and land use matters	Adopt an LDP which continues to maintain policies for the benefit of the Welsh language, including linguistic impact assessment of development proposals upon submission of planning applications	LDP has been adopted	Head of Regulation and Economic Development-IACC		LDP adopted by the Council in 2016/2017	
	Promote developments that benefit the future of communities and networks  <ul style="list-style-type: none"> <li>o Local housing market</li> <li>o Affordable housing</li> <li>o Job opportunities</li> </ul>	- Adopt SPG for Maintaining Sustainable Communities  - Maintain awareness of language issues in the implementation of the Local Development Plan policies	Head of Regulation and Economic Development-IACC		SPG for Maintaining Sustainable Communities adopted by the Council	



Priority area	Year 1					
	General Aim	Objective to be achieved by the end of year 1	Responsibility	Financial Source	Performance Indicator	RAG status
Community facilities	Create linguistic profiles of all the areas of Anglesey to identify the gaps in provision of community opportunities	Creating a linguistic profile of the island	Menter Iaith Môn / community engagement officers	Horizon funding for community engagement officers	General overview in place	
	Ensuring an adequate supply of affordable housing for residents of the Island  Take further action to address the number of empty houses on the island in order to return them to local use	Ensure that the Local Housing Market Assessment identifies the need for affordable housing and in which areas of the Island  Ensure that the data on the number of vacant homes on the island is correct	Housing Strategy Manager - IACC	Statutory Duty which is being funded through the Council's General Fund	Outcome Agreement targets reached	
	Ensure an additional supply of council houses on the island	30 houses over 3 years	Housing Service	Housing Service Funds.	The location of 10 houses identified in the first year	
	Marketing affordable housing for local residents on the island by using the Tai Teg Housing website	Market 10 affordable homes on the Tai Teg web site	Strategic Housing Development Officer, IACC	No funding required, the system has already been established	Measure against the target which has been set as the objective (identify a specific figure)	

## **PARTNERSHIP AND REGENERATION SCRUTINY COMMITTEE**

Extract for item 6 – Draft Minutes of the meeting held on 19 July 2016

### **6 WELSH LANGUAGE STRATEGY 2016 - 2021 (DRAFT)**

Submitted – the report of the Assistant Chief Executive (Partnerships, Community and Services Improvement) in relation to the above.

The Assistant Chief Executive (Partnerships, Community and Services Improvement) gave a background to the Welsh Language Measure (Wales) 2011 with regard to the Welsh Language Strategy. It was reported that the Strategy outlines the proposed approach towards promoting the Welsh Language and facilitating its wider use within the area and targets the increase/maintaining the number of Welsh speakers by the end of the 2021. The Anglesey Strategic Language Forum membership of which was included within the report, has been established to identify priorities and formulating the Welsh Language Strategy. It is intended to create an action plan for the second year before the end of the Strategy's first year. It will be the responsibility of the Strategic Language Forum to monitor progress against set targets. The Assistant Chief Executive stated that the 2011 Census showed a decrease in Welsh speakers on the Island and the Council's vision is to increase the number of Welsh speakers to at least 60.1% by the 2021 Census.

It was further stated that there is a proposal to offer 'welcome packs' to newcomers to the Island explaining the language and culture of Wales. The Chair wished it to be recorded the success of the Welsh Football Team during the European Championship recently and how Wales has been given an enhance profile of the culture and its language.

The Policy and Strategy Manager reported that the Anglesey Language Forum has agreed to focus on three themes :-

- **Children, Young People and the Family**

**Aim :**

- An increase in the number of families where Welsh is used as the main language with children, with an increase in the opportunities and support for it to be used socially;
- Ensuring that all children have the right to be fully bilingual by the age of 16;
- Increasing the capacity and the use of Welsh as a medium of communication and learning among children and young people in education and in social activities.

- **The Workforce, Welsh Language Services, the Infrastructure**

**Aim :**

- To promote and increase the availability of Welsh language services, increase opportunities/expectations to use Welsh in the workplace and work together to identify opportunities to mainstream the language into developments and activities.

The Officer reported that whilst the Authority aims to increase the development of the Welsh language within the workplace it is hoped to increase the profile of the Welsh

language within the Town/Community Councils on Anglesey. The Strategic Plan has identified that a Welsh Language Champion is needed within the Town/Community Councils.

- **The Community**

**Aim :**

- Promoting and marketing the value and importance of Welsh;
- Promote and identify opportunities to strengthen the Welsh language within the communities and identify gaps in provision.

The Officer reported that it is important that the Strategic Plan conforms with policies within the Local Development Plan to have an adequate number of housing for local residents so as to increase the linguistic prosperity of the Island. It was also noted that empty homes and affordable housing need to be made available.

The Committee considered the report and raised the following main issues :-

- The need to strengthen opportunities within the local communities to enable people who wish to learn the Welsh language;
- Town/Community Councils should be afforded further resources to allow for the services of a Translator, if required, at their meetings. Resources should also be available to enable agendas and minutes of meetings been bilingual. The Assistant Chief Executive (Partnerships, Community and Services Improvement) responded that whilst agreeing with the comments made, she noted that there are no further resources available at present. She noted that Town/Community Councils may have to consider raising the precept of the Council Tax to address the issue raised. She further stated that Unllais Cymru have noted that they are willing to afford Town/Community Council with a presentation as to how to deal with their meetings and administration bilingually;
- The influx of potential Wylfa Newydd workers living on the Island will impact on the Welsh language statistics. The Assistant Chief Executive (Partnerships, Community and Services Improvement) responded that dialogue with the owners of Wylfa Newydd has been undertaken to ascertain as to how they intend to protect the Welsh language on the Island when the workers arrive to construct the power station in the future. She further stated that a suggestion has been put to them that they should consider financing 5 dedicated Officers within the catchment areas of the Island to promote culture, sports and the Welsh language;
- Concerns raised with regard to some children choosing not to speak Welsh when they leave primary schools to secondary schools. The Assistant Chief Executive (Partnerships, Community and Services Improvement) responded that the Education Department have been working with the new Head of Ysgol Cybi in Holyhead and the Heads of the three schools that will amalgamate into the new school have agreed on priorities within their improvement plan which includes the improvements in the literacy of children attending the school. The Holyhead High School has also been part of the improvement plan with regard to the work required to improve the Welsh language within the school. She further stated that School Governors should also be encouraged to priorities the use of the Welsh language within their schools;
- That young people within the Authority's secondary schools be able to be guided into the opportunities that will be created within the Energy Island major projects with regards to administration posts and engineering opportunities. The Assistant Chief Executive (Partnerships, Community and Services Improvement) responded that the Authority has stated that they would like to see 90% of the apprenticeships afforded opportunities within the Energy Island projects to be bilingual;

- Whilst welcoming the County Council intentions to further enhance the use of the Welsh language within the day to day running of the authority, it was suggested that there is a need to go a further step with regard to having meetings of the Senior Leadership Team, Head of Service and Senior Managers meetings through the medium of Welsh. Specific departments should be targeted to enhance the use of the Welsh language. The Assistant Chief Executive (Partnerships, Community and Services Improvement) responded that most meetings are conducted through the medium of Welsh but agreed that some departments need to enhance the use of Welsh language. She stated that the Policy and Strategy Manager has been instrumental in guiding staff opportunities to be able to attend courses and activities to enhance and learn the Welsh language;
- The enhancement of the use of the Welsh language within the administration of the Authority would enlighten the young people of the Island to appreciate that there are opportunities within the local authority to use the Welsh language and to keep them on the Island;
- The need for enhancing opportunities to use the Welsh language within Community activities within the Island. Organisations within the communities should consider making applications to the Isle of Anglesey Charitable Trust with regard to enhancing the use of the Welsh language during activities they are responsible for.

Following further deliberations it was **RESOLVED to endorse the Welsh Language Strategy 2016-2021 (Draft) for approval by the Executive and thereafter by the full Council.**

**ACTION : As noted above.**

<b>CYNGOR SIR YNYS MÔN</b>	
<b>COMMITTEE</b>	<b>EXECUTIVE / COUNTY COUNCIL</b>
<b>DATE</b>	<b>19 September / 27 September 2016</b>
<b>TITLE OF REPORT</b>	<b>Review of the Local Authority's Gambling Policy Document</b>
<b>REPORT BY</b>	<b>Head of Service Regulation and Economic Development – Dylan Williams</b>
<b>PURPOSE OF REPORT</b>	<b>To Seek Approval of the Final Draft of Gambling Policy Following Consultation</b>
<b>ACTION</b>	<b>To Adopt and Approve the Amended Gambling Policy</b>

## **1 INTRODUCTION**

- 1.1 The Authority is required under the terms of the Gambling Act 2005 to Review it's Gambling Policy every three years or when necessary.
- 1.2 The current policy has served the Authority well over the last three years and a continuation of that policy in the short term is not anticipated to raise any issues. There are no concerns over the conduct of commercial gambling establishments within the Island at this time, nor have there been any significant problems since implementation of the Act.

## **2. BACKGROUND**

- 2.1 Local Authorities are required under Section 5 of the Gambling Act 2005 to review their Gambling Policy every three years and the revised Policy is required to be determined by the 1<sup>st</sup> October, 2016.
- 2.2 A copy of the Gambling Policy is available for inspection below.
- 2.3 Appendix D, within the Policy, records the register of consultees most of whom were contacted through e-mail to avoid any additional costs in light of the current economic climate.
- 2.4 The revised Policy reinforces the importance of partnership working to mitigate risks; to reflect the change to social responsibilities within the Commission's Licence Conditions & Codes of Practice and to provide guidance for operators to conduct a local Risk Assessment of the immediate area.

The 5<sup>th</sup> edition of the Commission's Guidance has also been taken into consideration.

## **3 Recommendations**

The County Council to accept the above report and approve and adopt the amended Gambling Policy.

# The Isle of Anglesey County Council



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

# Statement of Gambling Policy

# The Isle of Anglesey County Council Statement of Gambling Policy

## **Background**

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## **Background**

The Gambling Act 2005 gives effect to the Government’s proposals for reform of the law on Gambling. The Act contains a new regulatory system to govern the provision of all gambling in Great Britain, other than the National Lottery and spread betting. It received Royal Assent on 7<sup>th</sup> April 2005.

The Gambling Act repeals the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968 and the Lotteries and Amusements Act 1976. In effect Gambling will be unlawful in Great Britain, unless permitted by the measures contained in the Act.

The Act provides for three categories of licence

Operating licences	Personal licences	Premises licences
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The Isle of Anglesey County Council will be responsible for issuing premise licences and the new Gambling Commission, which replaces the Gaming Board, will be responsible for issuing the operating and personal licences.

The Gambling Commission will regulate gambling in the public interest by keeping crime out of gambling; ensuring that gambling is conducted fairly and openly and by protecting children and the vulnerable. The Commission have and will continue to issue guidance to Local Authorities regarding the manner in which they should regulate gambling, and the manner in which facilities for gambling are provided which may also include provisions about advertising gambling facilities.

**Gambling** is defined in the Act as either gaming, betting or taking part in a lottery.

**Gaming** means playing a game of chance for a prize

**Betting** means making or accepting a bet on the outcome of a race, competition, or any other event; the likelihood of anything occurring or not occurring; or whether anything is true or not.

**A lottery** is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process which relies wholly on chance.



## **1. INTRODUCTION**

### **1.1 Licensing Objectives**

The Gambling Act 2005 requires that the Council carry out its various licensing functions with a view to promote the three main licensing objectives:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;
- ensuring that gambling is conducted in a fair and open way; and
- protecting children and other vulnerable persons from being harmed or exploited by gambling.

It should be noted that the Gambling Commission has stated: “The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”.

The Council, as the Licensing Authority, is aware that, as per Section 153, in making decisions about Premises Licences and temporary use notices it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- Reasonably consistent with the licensing objectives and
- in accordance with the authority’s statement of licensing policy

Hence the Council will become the licensing authority under the Gambling Act 2005. This will result in the Council becoming responsible for granting premises licences within the Isle of Anglesey in respect of:-

Casino premises  
Bingo halls; and in premises licensed for the sale of alcohol  
Betting premises (including tracks)  
Adult gaming centres;  
Family entertainment centres  
Gaming Machines within pubs and clubs

### **1.2 Profile**

The Council services the geographical area known as the Island of Anglesey, often referred to as the Mother of Wales which lies connected to the North West of the Welsh mainland by two fine bridges, Telford’s now famous Menai Bridge and the newer Britannia link. Due to its close proximity to Ireland it is a strategic international “gateway” to the Irish Republic, with the ferry port of Holyhead connecting 2.5 million people annually by sea to and from the Emerald Isle.

Anglesey has the smallest resident population in Wales with a 2003 mid-term estimate of 68,368 head count. With a 125 mile coast line encompassing an area of 720 square

kilometres it is though the largest of the Welsh Islands. A map of the district is contained in Appendix A. It remains however a Welsh language and culture stronghold boasting 22,000 hectares of Areas of Outstanding Natural Beauty, 60 sites of Special Scientific Interest which underpin 4 National Nature Reserves, 3 Special Protection areas and 8 candidates for Special Areas of Conservation.

Currently the Council has 7 licensed Betting Premises, 3 Family Entertainment Centres, 107 Licensed Premises with Gaming Machine Notification, a limited number of Club Gaming Machine Permits and just over 200 small lotteries.

The 2005 Act requires the Council to publish a 'Statement of Licensing Policy' that sets out the policies the Council will generally apply to promote the licensing objectives when making decisions on applications and reviews under the Act.

This Policy has been prepared having regard to the provisions of the Gambling Act, Guidance issued by the Gambling Commission and responses received during the consultation process. It is intended to be both an educational and discussion document leading to the adoption by the Council of a formal Statement of Licensing Policy. .

The policy will come into effect on the date of adoption by the Council and will be reviewed as necessary but at least every three years from the date of adoption.

### **1.3 Responsible Authorities**

The Licensing Authority is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm. The principles are:

The need for the body to be responsible for an area covering the whole of the Licensing Authority's area; and the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.

In accordance with the suggestion in the Gambling Commission's Guidance to Licensing Authorities, this authority designates the Local Safeguarding Children Board for this purpose; but it may be prudent for the Council to involve other organisations if it believes it is right to do so for the prevention of their physical, moral or psychological harm, especially where it receives representations to that effect.

The contact details of all the Responsible Authorities under the Gambling Act 2005 are detailed in Appendix B.

### **1.4 Interested Party:**

For the purposes of the Gambling Act 2005, a person is an interested party in relation to a premises licence if, in the opinion of the Licensing Authority which issues the licence or to which the application is made, the person:

- Lives sufficiently close to the premises to be likely to

- be affected by the authorised activities;
- Has business interests that might be affected by the authorised activities; this could also include, for example, trade associations, charities, faith groups and medical practices.
- Represents persons who satisfy either of the above; for example Residents' and Tenants' Associations

When considering whether a person is an interested party, each case will be judged on its merits taking into consideration the relevant circumstances, including those contained in the Gambling Commission's Guidance to Local Authorities.

### **1.5 Types of Licence**

This document sets out the policies that the Council will apply when making decisions upon applications or notifications made for:

1. Premises Licences;
2. Temporary Use Notices;
3. Occasional Use Notices;
4. Permits as required under the Act; and
5. Registrations as required under the Act

### **1.6 Licensable Premises and Permits**

This policy relates to all those licensable premises, notices, permits and registrations identified as falling within the provisions of the Act, namely: -

- casino premises
- bingo premises
- betting premises, including tracks
- adult gaming centres
- Family entertainment centres.

Except in the case of tracks (where the occupier of the track who gets the premises Licence may not be the person who actually offers the gambling) premises licences may only be issued to people with a relevant operating licence. For example, to obtain a bingo premises licence the applicant must hold a bingo operating licence. Premises licences are transferable to someone else holding a valid operating licence.

The Act provides that licensing authorities may attach conditions to premises licences. Part 9 of this Guidance suggests what conditions might be considered in relation to each type of licence.

In addition to licences, there are other forms of authorisation that a licensing authority may grant, for example, authorisations for the temporary use of premises, occasional use notices and five different sorts of permit for unlicensed family entertainment centres, prize gaming, gaming machines on alcohol-licensed premises and club gaming and club machine permits.

## **1.7 Fundamental Rights**

Under the terms of the Act any individual/company may apply for a variety of permissions and have their applications considered on their individual merits. Equally, any Interested Party or Responsible Authority has a right to make relevant representations on an application or to seek a review of a licence or certificate where provision has been made for them to do so in the Act.

Applicants and those making relevant representations in respect of applications to the Licensing Authority have a right of appeal to the Magistrates Court against the decisions of the Licensing Authority.

The Council, in undertaking its licensing function, will have due regard to the need to eliminate unlawful discrimination and to promote equality and good relations between persons of different racial groups.

## **1.8 Consultees**

This Statement of Licensing Policy will be subject to formal consultation with:

1. North Wales Police Service;
2. North Wales Fire & Rescue Service;
3. Representatives of the holders of the various licences for premises in the District who will be affected by this policy;
4. Persons and businesses likely to be affected by authorised gambling within the District

*The above list is not intended to be exclusive, indeed it is expected for the range of consultation to be far reaching, consult Appendix D for full list.*

The Council, giving full regard to the Commissions Guidance, will give appropriate weight to the views of those consulted. In determining what weight to give particular representations, the Council will take into account:

- who is making the representation (what is their expertise or interest)
- what their motivation may be for their views
- how many other people have expressed the same or similar views
- how far the representations relate to matters that the Council should be including in the policy statement

## **1.9 Exchange of Information**

Licensing authorities are required to include in their statements the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission, and the functions under section 350 of the Act with the respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

The principle that this Licensing Authority applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened. The Licensing Authority will also have regard to any Guidance issued by the Gambling Commission on this matter, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

Should any protocols be established as regards information exchange with other bodies then they will be made available.

The Council may from time to time exercise its' powers under section 115 of the Crime and Disorder Act 1998 to exchange data and information with the police and other partners to fulfil its' statutory objective of reducing crime in the area.

The authority would wish to make its decision making process as transparent as possible and all representations made to it will be shared with all parties to an application. Freedom of information legislation will be complied with.

### **1.10 Integrating Strategies and avoid duplication**

By consulting widely prior to this Policy Statement being published, the Licensing Authority will take full account of local policies covering crime prevention, culture, transport, planning and tourism as part of an integrated strategy for the Licensing Authority, Police and other agencies. Many of these strategies may not be directly related to the promotion of the three licensing objectives, but may indirectly impact upon them.

When considering any application, the Licensing Authority will avoid duplication with other regulatory regimes so far as possible. Therefore, the Licensing Authority will not attach conditions to a licence unless they are considered necessary, reasonable and proportionate to the use of premises for gambling consistent with the licensing objective.

### **1.11 Sustainable Development Community Strategy**

The Local Government Act 2000 requires all local authorities to produce a community strategy within the framework of the UK Sustainable Development Strategy – “A better Quality of Life” and relevant regional strategies.

Community strategies provide a focal point for the identification of local issues and aspirations on social inclusion, environmental protection, employment and economic development.

Local strategic partnerships, typically involving the police, local authorities, local health boards, and representatives from education, business and the voluntary sector organisations, are responsible for the achievement of locally set objectives.

Under the Crime and Disorder Act 1998 local authorities must have regard to the likely effect of the exercise of their functions on, and do all they can to prevent crime and disorder in the area. The Licensing Authority will have particular regard to the likely impact of licensing on related crime and disorder in the County, particularly

when considering the location, impact, operation and management of all proposed licence/permit applications, renewals and variations of conditions.

## **2. LEGISLATION, POLICIES AND STRATEGIES**

### General Principles

Nothing in this 'Statement of Policy' will:

- (a) Undermine the rights of any person to apply under the Act for a variety of permissions and have the application considered on its individual merits; or
- (b) Override the right of any person to make representations on any application or seek a review of a licence or permit where they are permitted to do so under the Act.

The starting point in determining applications will be to grant the application, without conditions. Conditions will only be considered where they are needed to meet the requirements of the licensing objectives and any conditions applied will not be overly onerous and will be proportionate to the scale of the application and the 'risks' involved. Conditions will generally be considered unnecessary if they are already adequately covered by other legislation.

It is appreciated that as per the Gambling Commission's Guidance for local authorities "moral objections to gambling are not a valid reason to reject applications for Premises Licences" and also that unmet demand is not a criterion for a licensing authority

The Licence Conditions and Code of Practice (LCCP) issued by the Gambling Commission places further onus on premises to complete a risk assessment based on Code 8, the social responsibility code. The Council will have regard to this code when considering applications. This is covered in Section 6 of this Policy.

When determining an application to grant a premises licence or whether to review a premises licence, regard will be taken regarding the proximity of the premises to schools, vulnerable adult centres, or to residential areas with a high concentration of families with children. The proximity of premises etc. taken into consideration will vary depending upon the size and scope of the gambling premises concerned. Each case will, however, be determined on its merits. Therefore, if an applicant can effectively demonstrate how they might overcome licensing objective concerns, this will be taken into account.

Licensing is about the control of licensed premises, Temporary Use Notices or Occasional Use Notices within the terms of the Act. Conditions may be attached to licences that will cover matters that are within the control of individual licensees.

When considering any conditions to be attached to licences, the Council will primarily focus on the direct impact of the activities taking place at licensed premises on

members of the public living, working or engaged in normal activity in the area concerned. The Secretary of State may, by regulation, provide for specific conditions to be attached to a Premises Licence as either “mandatory” or “default” conditions. In determining an application, the Licensing Authority may not have regard to the expected demand for the facilities which it is proposed to provide.

In this respect, the Council recognises that, apart from the licensing function, there are a number of other mechanisms available for addressing issues of unruly behaviour that can occur away from licensed premises, including:

1. Planning controls;
2. Ongoing measures to create a safe and clean environment in these areas in partnership with local businesses, transport operators and other Council Departments;
3. Regular liaison with the Police on law enforcement issues regarding disorder and anti-social behaviour;
4. The power of the police, other responsible authorities or a local resident or business to seek a review of the licence.

Objectors will be required to relate their objection to one or more of the Licensing Objectives, as specified in section 1.1 above, before the Licensing Authority will be able to consider it.

Where a person, whether or not directly affected by an application or living in the vicinity of a licensable premises under consideration, puts themselves forward as representing the interests of residents in the vicinity, the Licensing Authority will normally ask them to provide evidence that they are acting as representatives of others.

The Council, in undertaking its licensing function, will have due regard to the need to eliminate unlawful discrimination and to promote equality and good relations between persons of different racial groups.

## **2.1 Legislation**

In undertaking its licensing function under the Gambling Act 2005, the Council must also consider other legislation, including:

1. Section 17 of the Crime and Disorder Act 1988;
2. Human Rights Act 1998;
3. Health and Safety at Work etc. Act 1974;
4. Environmental Protection Act 1990;
5. The Anti-social Behaviour Act 2003;
6. Race Relations Act, 1976 (as amended)
7. The Licensing Act 2003
8. Regulatory Return (Fire Safety) Order 2005

However, the policy is not intended to duplicate existing legislation and regulation regimes that already place obligations on employers and operators.

## **2.2 Relationship with Planning Policies**

When determining an application, regard cannot, under the terms of the Act, be given to planning or building control permissions and/or any planning restrictions.

Unmet demand is not a criterion that will be taken into consideration when determining an application for a premises licence under the Gambling Act 2005.

The issue of a Provisional Grant of a premises licence is a separate and distinct process to the granting of Planning Permission. Planning and Building Control permissions will have to be sought and approved before any development takes place.

## **2.3 National Strategies**

The Council will also seek to discharge its responsibilities identified by other Government Strategies, so far as they impact on the objectives of the licensing function.

## **2.4 Local Strategies and Policies**

The Council will consider applications with reference to other adopted local policies, including the Council's Vision, Strategic Aims and Priorities

## **2.5 Appropriate Licence Environment**

The Guidance to Local Authorities and the Licence Conditions and Codes of Practice (LCCP) commencing May 2015, set out additional matters that the Licensing Authority should take into account when considering licence applications for Premises Licences.

Guidance section 19, LCCP condition 16 and code 9 prescribe restrictions on gambling activities on premises, previously known as primary gambling activity. The Licensing Authority will consider any application based on the provisions in these codes and guidance.

Where gambling facilities are provided at premises as a supplementary activity to the main purpose of the premises; e.g. motorway service areas and shopping malls, the Licensing Authority will expect the gambling area to be clearly defined to ensure that customers are fully aware that they are making a choice to enter into the gambling premises, and that the premises is adequately supervised at all times.

The Council will consider these and other relevant factors in making its decision, depending on all the circumstances of the case.

The Gambling Commission's relevant access provisions for each premises type are reproduced below:



### **Casinos**

The principal access entrance to the premises must be from a street (as defined at 7.24 of the Guidance) No entrance to a casino must be from premises that are used wholly or mainly by children and/or young persons

No customer must be able to enter a casino directly from any other premises which holds a gambling Premises Licence

### **Adult Gaming Centre**

No customer must be able to access the premises directly from any other licensed gambling premises

### **Betting Shops**

Access must be from a street (as per para 7.23 Guidance to Licensing Authorities) or from another premises with a betting Premises Licence.

No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a betting shop from a shop of any kind and you could not have a betting shop at the back of a café –the whole area would have to be licensed.

### **Tracks**

- No customer should be able to access the premises directly from:
- a casino
- an adult gaming centre

### **Bingo Premises**

No customer must be able to access the premise directly from:

- a casino
- an adult gaming centre
- a betting premises, other than a track

### **Family Entertainment Centre**

No customer must be able to access the premises directly from:

- a casino
- an adult gaming centre
- a betting premises, other than a track

Part 7 of the Gambling Commission's Guidance to Licensing Authorities contains further guidance on this issue, which this authority will also take into account in its decision-making

## **3. DECISION MAKING**

### **3.1 Administration, Exercise and Delegation of Functions**

The powers and duties of the Licensing Authority under the Act may be carried out by the Licensing Committee, by a Sub-Committee or by one or more officers acting under delegated authority.

It is considered that many of the functions will be largely administrative in nature with no perceived areas of contention. In the interests of efficiency and cost effectiveness these will, for the most part, be carried out by officers.

The following schedule sets out the recommended delegation of functions and decisions by guidance. The Licensing Authority may, nevertheless, refer any matter to the Licensing Committee or Sub-Committee.

The schedule of delegation of licensing functions is attached at Appendix B.

### **3.2 Appeals Procedure**

Entitlements to appeal for parties aggrieved by decisions of the Licensing Authority are set out in Sections 206 to 209 of the 2005 Act. Appeals must be made to the Magistrates Court for the area in which the Licensing Authority, which has considered the application, is situated.

An appeal has to be commenced by giving notice of the appeal by the appellant to; Caernarfon Magistrates Court within a period of 21 days, beginning with the day on which the appellant was notified by the Licensing Authority of the decision to be appealed against.

On determining an appeal, the Court may:

Dismiss the appeal;

Substitute the decision appealed against with any other decision that could have been made by the Licensing Authority;

Remit the case to the Licensing Authority to dispose of the appeal in accordance with the direction of the Court.

Make an order about costs.

### **3.3 COMPLAINTS AGAINST LICENSED PREMISES**

The Council will investigate complaints against licensed premises in relation to matters relating to the licensing objectives for which it has responsibility. In the first instance, complainants are encouraged to raise the complaint directly with the licensee or business concerned to seek a local resolution.

Where an interested party has made valid representations about licensed premises or a valid application for a licence to be reviewed, the Council may initially recommend a conciliation meeting to address and clarify the issues of concern.

This process will not override the right of any interested party to ask that the licensing committee consider their valid objections or for any licence holder to decline to participate in a conciliation meeting.

**Due consideration will be given to all relevant representations unless they are considered to be frivolous, vexatious, repetitious or whether it will not cause the Council to alter/revoke/suspend the Licence**

### **3.4 Licensing Reviews**

The Council will carry out a review of a premises licence where it has received a formal application for review in accordance with the Act that is relevant to one or more of the Licensing Objectives. Representations may be that activities, including the following, are taking place:

- Use of licensed premises for the sale and distribution of Class A drugs and the laundering of the proceeds of drugs crimes;
- Use of licensed premises for the sale and distribution of illegal firearms;
- Use of licensed premises for prostitution or the sale of unlawful pornography;
- Use of licensed premises as a base for organised criminal activity;
- Use of licensed premises for the organisation of racist, homophobic or sexual abuse or attacks;
- Use of licensed premises for the sale of smuggled tobacco or goods;
- The use of licensed premises for the sale of stolen goods.
- Children and/or vulnerable persons are put at risk

Due consideration will be given to all relevant representations unless they fit the following:

- a) the grounds are frivolous;
- b) the grounds are vexatious;
- c) the grounds are irrelevant;
- d) the grounds will not cause the Council to revoke or suspend a licence or to remove or attach conditions on the Premises Licence;
- e) the grounds are substantially the same as the grounds cited in a previous application relating to the same premises; or
- f) the grounds are substantially the same as representations made at the time the application for a Premises Licence was considered.

A Premises Licence may also be reviewed by the Council on its own volition.

Once a review has been completed, the Council must, as soon as possible notify its decision to: the licence holder; the applicant for review; the commission any person who made representations; Chief of Police; HMC Revenue & Customs

## **4. Administration**

### **4.1 Applications**

An application for a Premises Licence can only be made by a person who either holds an Operating Licence authorising him to carry out the activity in respect of which a Premises Licence is sought, OR has made an application for an Operating Licence which has not been determined.

Applications for the grant, transfer or variation of a premises licence must be accompanied by an assessment that demonstrates how the applicant will promote all the Licensing Objectives in the form of a written Operating Schedule. The Applicant may ask the Council for advice as to the scope of information to be provided. See also Risk Assessments

The level of detail to be provided will be advised by the Council and will be proportional to scale and nature of the application being made.

## **4.2 Conditions**

Conditions will be applied to licences that are proportionate and appropriate to the business, organisation or individual concerned. The Council will principally draw upon the advice issued by the Gambling Commission and attach conditions relative to the given circumstances of each individual case.

Conditions attached to the premises licences will, so far as possible, reflect local crime prevention strategies. For example, the provision of closed circuit television cameras may be appropriate in certain premises.

## **4.3 Enforcement**

The Council will be guided by the Gambling Commission's Guidance to Local Authorities, the Regulators Code and the Council's Enforcement Policy. It will endeavour to be:

- ❖ Proportional: regulators will only intervene when necessary; remedies will be appropriate to the risk posed and costs identified and minimized.
- ❖ Accountable: regulators will be able to justify decisions and be subject to public scrutiny.
- ❖ Consistent: rules and standards will be joined up and implemented fairly.
- ❖ Transparent: regulators will be open and endeavour to keep regulations simple and user friendly;
- ❖ Targeted: regulation will be focused on the problem and minimize side effects.

The Council will endeavour to avoid duplication with other regulatory regimes so far as possible.

Premises will be subject to a scheme of routine inspection, the frequency of which will be determined by the risks posed by the premises i.e. those premises considered to pose a greater risk will be subject to more frequent inspections than those posing a lower risk.

When determining risk, consideration will be given to:-

- the nature of the gambling activities carried out on the premises
- the location of the premises in relation to schools etc.
- the procedures put in place by the management to meet the licensing objectives

Additional random monitoring visits may be made, at the discretion of the licensing team, where it is considered necessary to meet the needs of the licensing objective or following receipt of complaint. The District will be monitored for unlicensed premises.

The Council will seek to work actively with the police in enforcing licensing legislation. It encourages the police to share information about licensees and licensed premises under the Crime and Disorder Act 1998.

The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines are not dealt with by the Licensing Authority but should be notified to the Gambling Commission.

The Licensing Authority will take account of the Gambling Commission's guidance document issued in February 2015 (or any subsequent amendments) 'Approach to Test Purchasing' when considering making test purchases at gambling premises. The council will also follow its own policies and procedures regarding the use of underage test purchasers.

The Licensing Authority will also keep itself informed of developments as regards the work of the Better Regulation Executive in its consideration of the regulatory functions of local authorities.

#### **4.4 Casinos**

There is no resolution to prohibit casinos in the County at present. However, the Council reserves its right to review this situation and may, at some time in the future, resolve not to permit casinos. Currently there are no casinos operating within the County.

Should the Council choose to make such a resolution, this will be a resolution of Full Council following considered debate and the reasons for making the resolution will be provided. There will be no right of appeal against such a resolution.

#### **4.5 Unlicensed Family Entertainment Centers**

Where a premise does not hold a Premises Licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit.

An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed Family Entertainment Centre, and if the chief officer of police has been consulted on the application. Relevant considerations to be taken into account would be the applicant's suitability, such as any convictions held that would make them unsuitable to operate a family entertainment center plus the suitability of the premises in relation to their location and issues about disorder.

The Authority would expect the applicant to show that there would be policies and procedures in place to protect children from harm. Harm in this context would not be limited to harm from gambling but include wider child protection considerations such

as training of staff regarding suspected truancy, how to deal with unsupervised children, very young children or children causing problems in and around the premises.

#### **4.6 Additional Guidance**

The Council notes that the term “Gaming Machine” now covers all machines on which people can gamble and the term has only been preserved in the Act because it is one that is readily understood by the general public. The definition of “gaming machines” is wider in the Gambling Act 2005 than those in previous gaming legislation and covers all types of gambling activities which can take place on a machine, including betting on virtual events.

It should be noted however that there still remains a distinction between skill machines and gaming machines plus important exemptions remain for certain equipment that is not considered a gaming machine, even when gambling can be performed on it, for example a home personal computer.

The Gambling Act 2005 provides for the Secretary of State to make regulations to define four classes of gaming machine. The details, as currently available from the Gambling Commission are shown in Appendix E together with a table summarizing the provisions as they currently stand. Full consultation by the Gambling Commission on this topic is not yet complete.

#### **4.7 Small Lotteries**

The Council will continue to register small scale lotteries but with slightly new procedures published in May, 2009 by the Gambling Commission. Further details can be found on the Gambling Commission’s web site under their Guidance to Licensing Authorities – Small Society Lotteries.

The Authority will adopt a risk based approach towards its enforcement responsibilities for small society lotteries. This authority considers that the following list, although not exclusive, could affect the risk status of the operator:

- submission of late returns (returns must be submitted no later than three months after the date on which the lottery draw was held).
- submission of incomplete or incorrect returns.
- breaches of the limits for small society lotteries.

#### **4.8 Split Premises**

The Council will pay particular attention if there are issues about sub-divisions of a single building or plot and will ensure that mandatory conditions relating to access are observed.

The Council in this context will consider:

Whether the premises has a separate registration for business rates.

Whether the neighbouring premises is owned by a different person.

Whether the neighbouring premises can be accessed from the street or public passageway.

Whether the premises can only be accessed from other licensed gambling Premises.

## **5. Licensing Conditions and Codes of Practice 2015 (LCCP)**

The Gambling Commission released an LCCP in February 2015 with a commencement date of May 2015. The code strengthened the social responsibility code (SR) requirements. Details regarding the LCCP and SR code can be accessed via the Gambling Commission website at [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

The code requires operators;

- To supervise customers effectively on gambling premises and identifies customers who are at risk of gambling related harm.
- With effect from April 2016 to have in place schemes to allow customers to self-exclude themselves from all operators of a similar type in the area where they live and work.
- To have a range of measures with regard to marketing to ensure social responsibility that are transparent and not misleading.
- With effect from April 2016 to produce a risk assessment on individual premises, and
- have policies and procedures and control measures in place to mitigate local risks to the licensing objectives.

## **6 Risk Assessments - Betting Premises**

6.1 Such risk assessments are required from new applicants, and from existing Premises licensees seeking to vary a licence. The code requires all operators of; Casinos, AGC's, Bingo Premises, FEC's, Betting shops and remote betting intermediaries to assess local risks to the licensing objectives, and to have policies, procedures and control measures in place to mitigate those risks.

6.2 Operators are required by the SR code to make the risk assessment available to licensing authorities when an application is submitted either for new Premises Licence or variation of a Premises Licence, or otherwise on request, and this will form part of the Licensing Authority's inspection regime and may be requested when officers are investigating complaints.

6.3 The code requires the Licensing Authority to set out matters they expect the operator to take account of in the risk assessment in its statement of policy and this Licensing Authority would recommend that the following matters are considered by operators when making their risk assessment.

- Information held by the licensee regarding self-exclusions and incidences of underage gambling,
- Gaming trends that may reflect benefit payments
- Arrangement for localised exchange of information regarding self-exclusions and gaming trends.
- Urban setting such as proximity to schools, commercial environment, factors affecting footfall,

- Range of facilities in proximity to the licensed premises such as other gambling outlets, banks, post offices, refreshment and entertainment type facilities
- Known problems in the area such as problems arising from street drinkers, youths
- participating in anti-social behaviour, drug dealing activities, etc.

6.4 The Licensing Authority would recommend that the following matters are considered by operators when making their risk assessment.

Matters relating to children and young persons, including;

- Institutions, places or areas where presence of children and young persons should be expected such as schools, youth clubs, parks, playgrounds and entertainment venues such as bowling allies, cinemas etc.
- Any premises where children congregate including bus stops, café's, shops, and any other place where children are attracted,
- Areas that are prone to issues of youths participating in anti social behaviour, including such activities as graffiti/tagging, underage drinking, etc.
- Recorded incidents of attempted underage gambling

Matters relating to vulnerable adults, including;

- Information held by the licensee regarding self-exclusions and incidences of underage gambling,
- Gaming trends that may mirror days for financial payments such as pay days or benefit payments
- Arrangement for localised exchange of information regarding self-exclusions and gaming trends.
- Proximity of premises which may be frequented by vulnerable people such as hospitals, residential care homes, medical facilities, doctor's surgeries, council housing offices, addiction clinics or help centres, places where alcohol or drug dependant people may congregate, etc.

Other issues that may be considered could include:

- Matters of faith, including all religious or faith denominations including proximity to churches, mosques, temples or any other place of worship.

This list is not exhaustive and other factors not in this list that are identified must be taken into consideration.

## 6.5 Control Measures

Control measures readily identifiable to mitigate perceived risk may involve a combination of systems, design and physical measures. For example to address the risk factors to children gaining access to an over 18 restricted gambling premises, the operator may identify the following measures:

**Systems:** PASS card or age verification policies, challenge 21 scheme, and staff training



**Design:** Exterior design which will not attract children into the premises, the entrance layout will enable staff to monitor those entering the premises and when appropriate, challenge them on the ground of age.

**Physical:** CCTV and electronic sensors

## 7. Further Information

Further information about the Gambling Act 2005, this Statement of Licensing Policy and about the application process, including application forms and guidance notes can be obtained from:

The Licensing Officer  
Trading Standards Section  
Department of Environmental and Technical Services  
The Isle of Anglesey County Council  
Council Offices  
Llangefni  
Anglesey  
LL77 7TW

Tel: 01248 752840  
Fax: 01248 752884  
E-mail: [licensing@anglesey.gov.uk](mailto:licensing@anglesey.gov.uk)  
Website: [www.anglesey.gov.uk](http://www.anglesey.gov.uk)

Information is also available from the

Gambling Commission  
Victoria Square House  
Birmingham  
B2 4BP

Tel: 0121 230 6666  
Website: [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)



## Appendix B

### TABLE OF DELEGATIONS OF LICENSING FUNCTIONS

MATTER TO BE DEALT WITH	FULL COUNCIL	SUB-COMMITTEE OR PANEL	OFFICERS
Three year licensing policy	X		
Policy not to permit casinos	X		
Fee Setting - when appropriate		Executive	
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Review of a premises licence		X	
Application for club gaming /club machine permits		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Cancellation of club gaming/ club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	
Determination as to whether a person is an Interested Party			X
Determination as to whether representations are relevant			X
Determination as whether a representation if frivolous, vexatious or repetitive			X

## Appendix C

### Contact Details for Relevant Authorities

<b>The Isle of Anglesey County Council</b>	<b>Licensing, Trading Standards Section Department of Environmental and Technical Services Council Offices Llangefni Anglesey LL77 7TW dmjpp@anglesey.gov.uk</b>
<b>The Gambling Commission</b>	<b>Gambling Commission Victoria Square House Birmingham B2 4BP Tel: 0121 230 6666 info@gamblingcommission.gov.uk</b>
<b>North Wales Police</b>	<b>Licensing Section North Wales Police Yr Ala Pwllheli LL53 5BU Ian.Williams4@nthwales.pnn.police.uk</b>
<b>North Wales Fire &amp; Rescue Service</b>	<b>North Wales Fire &amp; Rescue Service Head Office Llanberis Road Caerarfon Gwynedd LL55 2DF Fs.wd.supv1@nwales- fireservice.org.uk</b>
<b>Social Services Department</b>	<b>Council Offices Llangefni Anglesey LL77 7TW dwjss@anglesey.gov.uk</b>
<b>HM Customs &amp; Excise</b>	<b>HM Revenue &amp; Customs National Registration Unit Portcullis House 21 India Street Glasgow G2 4PZ</b>

### Consultees

Elected Members, Anglesey County Council  
Town and Parish Councils on Anglesey  
The Gambling Commission  
North Wales Police Service  
North Wales Fire & Rescue Service  
Head of Social Service Department, Anglesey County Council  
HM Revenues and Customs  
Anglesey Community Safety Partnership  
Head of Education and Leisure Department, Anglesey County Council  
Head of Planning, Anglesey County Council  
Bingo Association  
Popelstone and Allen  
William Hill  
Ladbrooks  
Coral  
Corbetts  
Carefree Racing  
Empire Bingo  
Crown Leisure Links  
Leisure Link  
Sceptre Leisure Solutions Ltd  
City Vending UK Ltd  
Gamestec Leisure Ltd  
Group representing Premises Licensed to sell alcohol  
Caravan Site owners  
Religious/Faith Groups  
Citizens Advice Bureau  
Gam Care (Gamblers Anonymous)  
Salvation Army  
Debt Control Agencies  
Urdd Youth Movement  
Trade Unions  
Voluntary/Community organizations working with children/vulnerable adults

Representatives of the holders of the various licenses for premises in the District who will be affected by this policy

Members of the public who will be affected by this policy

Note: This list is not intended to be exclusive. Comments and observations will be welcome from anyone who will be affected by this policy

Within this Statement of Policy, the following words and terms are defined as stated:

<b>Licensing Objectives:</b>	As defined in section 1.1 above.
<b>Council:</b>	The Isle of Anglesey County Council
<b>District:</b>	The Isle of Anglesey as administered by the Council
<b>Licences:</b>	As defined in section 1.4 below.
<b>Applications:</b>	For Licences or Permits defined in section 1.4 below.
<b>Notifications:</b>	Temporary Use Notices and Occasional Use Notices.
<b>The Act:</b>	The Gambling Act 2005
<b>Regulations:</b>	Means Regulations made under the Gambling Act 2005
<b>Premises:</b>	Any place to include a vehicle, vessel or moveable structure.
<b>Code of Practice:</b>	Related codes under section 24 of the Gambling Act 2005
<b>Mandatory Condition:</b>	Means a specified condition provided by regulations to be Attached to a licence
<b>Responsible Authority:</b>	Gambling Act 2005 defines the following as responsible authorities in relation to premises: <ul style="list-style-type: none"><li>• The Licensing Authority (Anglesey County Council)</li><li>• The Gambling Commission</li><li>• North Wales Police Force</li><li>• North Wales Fire &amp; Rescue Service</li><li>• Planning Section, Anglesey County Council</li><li>• Environmental Health, Anglesey County Council</li><li>• Social Services, Anglesey County Council</li></ul>

And HM Revenues and Customs

## Appendix F

**Table 1**

Schedule below demonstrates the latest proposals from the Gambling Commission regarding the different categories with maximum stakes and prizes that may apply.

Machine category	Maximum stake (from January 2014)	Maximum prize (from January 2014)	Allowed premises
<b>A</b>	Unlimited	Unlimited	Regional Casino
<b>B1</b>	£5	£10,000 (with the option of a maximum £20,000 linked progressive jackpot on a premises basis only)	Large Casino, Small Casino, Pre-2005 Act casino and Regional Casinos
<b>B2</b>	£100	£500	Betting premises and tracks occupied by pool betting and all of the above
<b>B3</b>	£2	£500	Bingo premises, Adult gaming centre and all of the above
<b>B3A</b>	£2	£500	Members' club or Miners' welfare institute only
<b>B4</b>	£2	£400	Members' club or Miners' welfare club, commercial club and all of the above.
<b>C</b>	£1	£100	Family entertainment centre (with Commission operating licence), Qualifying alcohol licensed premises (without additional gaming machine permit), Qualifying alcohol licensed premises (with additional LA gaming machine permit) and all of the above.

Machine category	Maximum stake (from January 2014)	Maximum prize (from January 2014)	Allowed premises
D money prize	10p	£5	Travelling fairs, unlicensed (permit) Family entertainment centre and all of the above
D non-money prize (other than crane grab machine)	30p	£8	All of the above.
D non-money prize (crane grab machine)	£1	£50	All of the above.
D combined money and non-money prize (other than coin pusher or penny falls machines)	10p	£8 (of which no more than £5 may be a money prize)	All of the above.
D combined money and non-money prize (coin pusher or penny falls machine)	20p	£20 (of which no more than £10 may be a money prize)	All of the above.



Table B expands on the above provisions coupling the premise type applicable to each machine category and numbers allowed per premises.

Premises type	Machine category						
	A	B1	B2	B3	B4	C	D
<b>Large casino</b> (machine/table ratio of 5-1 up to maximum)		Maximum of 150 machines Any combination of machines in categories B to D (except B3A machines), within the total limit of 150 (subject to machine/table ratio)					
<b>Small casino</b> (machine/table ratio of 2-1 up to maximum)		Maximum of 80 machines Any combination of machines in categories B to D (except B3A machines), within the total limit of 80 (subject to machine/table ratio)					
<b>Pre-2005 Act casino</b> (no machine/table ratio)		Maximum of 20 machines categories B to D (except B3A machines), or any number of C or D machines instead					
<b>Betting premises and tracks occupied by pool betting</b>		Maximum of 4 machines categories B2 to D (except B3A machines)					
<b>Bingo premises<sup>1</sup></b>				Maximum of 20% of the total number of gaming machines which are available for use on the premises categories B3 or B4		No limit on category C or D machines	
<b>Adult gaming centre<sup>2</sup></b>				Maximum of 20% of the total number of gaming machines which are available for use on the premises categories B3 or B4		No limit on category C or D machines	
<b>Licensed family entertainment centre<sup>3</sup></b>						No limit on category C or D machines	
<b>Family entertainment centre (with permit)<sup>3</sup></b>						No limit on category D machines	
<b>Clubs or miners' welfare institute (with permits)<sup>4</sup></b>				Maximum of 3 machines in categories B3A or B4 to D			
<b>Qualifying alcohol-licensed premises</b>				1 or 2 machines of category C or D automatic upon notification			
<b>Qualifying alcohol-licensed premises (with licensed premises gaming machine permit)</b>			Number of category C-D machines as specified on permit				
<b>Travelling fair</b>			No limit on category D machines				

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>County Council</b>
<b>Date:</b>	<b>27 September 2016</b>
<b>Subject:</b>	<b>Senior Officers Staffing Structure</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Alwyn Rowlands</b>
<b>Head of Service:</b>	<b>Scott Rowley</b>
<b>Report Author:</b>	<b>Carys Edwards</b>
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<b>Local Members:</b>	

<b>A –Recommendation/s and reason/s</b>
<p>Senior Officers Staffing Structure</p> <p>1.0 <u>Background</u></p> <p>In April 2013 a report was presented by the Deputy Chief Executive outlining the restructure of the Head of Service level of management with the aim of reducing the numbers from 16 to 10.</p> <p>The rationale for the reduction focussed on</p> <ul style="list-style-type: none"> <li>• The fact that restructuring the heads of service was a next step from the restructure of the Senior Team</li> <li>• As a direct result of that Senior team restructure a recognition that the head of service posts needed to be far more strategic in focus</li> <li>• The need for a “fit for purpose” head of service structure in the context of the Council’s savings targets based on the size of the Authority</li> </ul> <p>Following a period of consultation the revised structure became operationally effective in the summer of 2013(see attachment).</p> <p>In 2015, the senior leadership Team structure was reviewed once again following the decision of the then Chief Executive to retire. The rationale for that re structure was very similar to that noted above and in the summer of 2015 the appointments to the new</p>

structure were completed.

During the same period, as part of the Council's savings agenda an invitation was extended to all staff to apply for voluntary redundancy. One application was made by a Head of Service which provided an opportunity to reconsider the practicality of the existing head of service structure of 10.

## 2.0 Next steps

In accordance with the Council's Constitution, the Chief Executive presented a verbal report to the Appointment's Committee recommending that the request for voluntary redundancy be accepted, taking the opportunity to amalgamate the responsibilities of the redundant post with that of another head. The recommendation was supported and expressions of interest were sought from amongst the existing heads of service. Two applications were received and an appointment was made.

On the 14<sup>th</sup> May 2015, the County Council approved a proposal to extend the authority of the Chief Executive to make changes to the job titles and job content of some posts. That decision is reflected in paragraph 3.5.2.11 of the Constitution.

This new power, though, did not extend to deleting posts as they appear in Part 7 of the Constitution. This remains a function of full Council only. The Council's authority is therefore required to enable officers to remove references in the Constitution to the post of head of Service (Planning and Public Protection).

## 3.0 Recommendation

That the Council accept the revised head of service structure as noted above and which is attached, which reduces the current number of head of service posts to 9 and that Council enable officers to remove reference in the Constitution to the post of head of Service (Planning and Public Protection).

### **B – What other options did you consider and why did you reject them and/or opt for this option?**

Not applicable.

### **C – Why is this a decision for the Executive?**

Not applicable.

### **CH – Is this decision consistent with policy approved by the full Council?**

CC-016749-LB/229501

Not applicable.

**D – Is this decision within the budget approved by the Council?**

Not applicable.

**DD – Who did you consult? What did they say?**

<b>DD – Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT)</b> (mandatory)	Comments received.
2	<b>Finance / Section 151</b> (mandatory)	Comments received and included
3	<b>Legal / Monitoring Officer</b> (mandatory)	Comments received and included.
4	<b>Human Resources (HR)</b>	Author of report.
5	<b>Property</b>	Not applicable.
6	<b>Information Communication Technology (ICT)</b>	Not applicable.
7	<b>Scrutiny</b>	Not applicable.
8	<b>Local Members</b>	Not applicable.
9	<b>Any external bodies / other/s</b>	Not applicable.

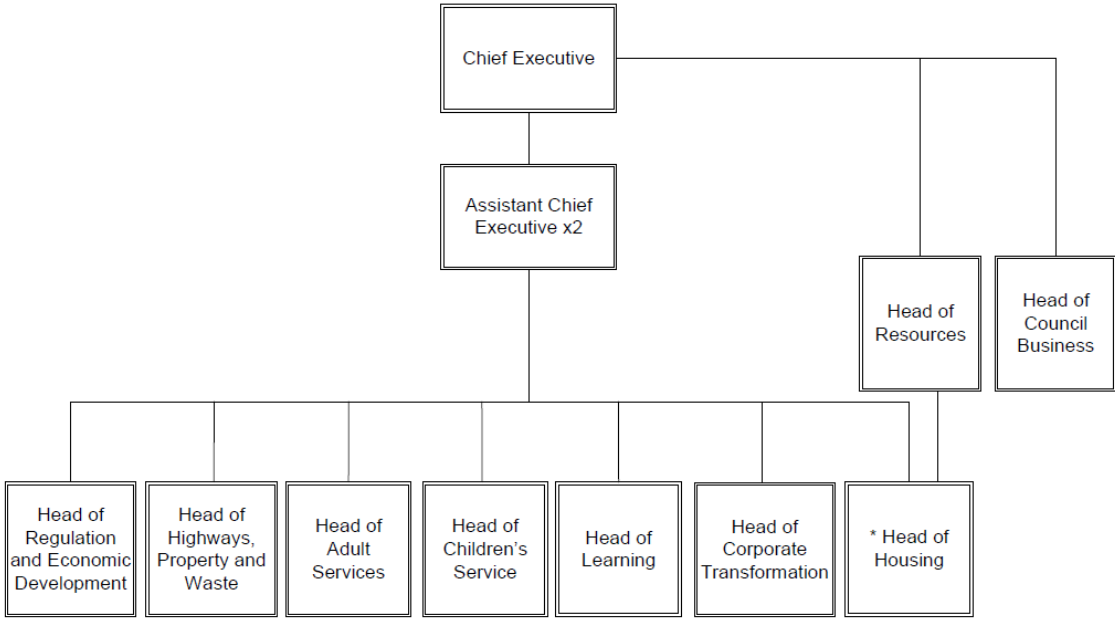
**E – Risks and any mitigation (if relevant)**

1	<b>Economic</b>	Not applicable.
2	<b>Anti-poverty</b>	Not applicable.
3	<b>Crime and Disorder</b>	Not applicable.
4	<b>Environmental</b>	Not applicable.
5	<b>Equalities</b>	Not applicable.
6	<b>Outcome Agreements</b>	Not applicable.
7	<b>Other</b>	Not applicable.

**F - Appendices:**

**FF - Background papers (please contact the author of the Report for any further information):**

**Isle of Anglesey County Council**  
**Senior Leadership Team and Heads of Service Structure Chart**



May 2016

\* Note: The Assistant Chief Executives deal with some issues directly with the Head of Housing