

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Mrs Annwen Morgan  
Prif Weithredwr – Chief Executive  
CYNGOR SIR YNYS MÔN  
ISLE OF ANGLESEY COUNTY COUNCIL  
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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR ARCHWILIO A LLYWODRAETHU</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DYDD MAWRTH 1 RHAGFYR, 2020 am 2:00 y. p.</b>	<b>TUESDAY, 1 DECEMBER 2020 at 2.00 pm</b>
<b>CYFARFOD RHITHIOL</b>	<b>VIRTUAL MEETING</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **AELODAU / MEMBERS**

Cynghorwyr / Councillors:-

## **PLAID CYMRU / THE PARTY OF WALES**

John Griffith, Dylan Rees, Alun Roberts, Margaret M. Roberts

## **Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP**

Gwilym O. Jones, Richard Griffiths

## **ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS**

R. Llewelyn Jones, Peter Rogers (*Cadeirydd/Chair*)

## **AELODAU LLEYG / LAY MEMBERS**

Dilwyn Evans  
Jonathan Mendoza (*Is-Gadeirydd/Vice-Chair*)

## **A G E N D A**

**1     DECLARATION OF INTEREST**

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

**2     MINUTES OF THE PREVIOUS MEETING** (Pages 1 - 4)

To present the minutes of the previous meeting of the Audit and Governance Committee held on 13 October, 2020.

**3     ISLE OF ANGLESEY COUNTY COUNCIL - COVID 19 RESPONSE AND RECOVERY - INTERIM ASSURANCE** (Pages 5 - 8)

To present the report of External Audit.

**4     UPDATE ON INTERNAL AUDIT STRATEGY AND PRIORITIES 2020/21** (Pages 9 - 16)

To present the report of the Head of Audit and Risk.

**5     ANGLESEY SCHOOLS DATA PROTECTION EVALUATION REPORT -FIRST EVALUATION VISIT TO ANGLESEY PRIMARY AND SECONDARY SCHOOLS BY SCHOOLS DATA PROTECTION OFFICER JULY 2020** (Pages 17 - 72)

To present a report by the Schools Data Protection Officer.

**6     TREASURY MANAGEMENT MID-YEAR REVIEW 2020/21** (Pages 73 - 92)

To present the report of the Director of Function (Resources)/Section 151 Officer.

**7     AUDIT LETTER: NORTH WALES REGIONAL POOLED FUNDS IN RELATION TO CARE HOME PLACES FOR OLDER PEOPLE** (Pages 93 - 94)

To present the report of External Audit.

**8     FORWARD WORK PROGRAMME** (Pages 95 - 98)

To present the report of the Head of Audit and Risk.

**9     EXCLUSION OF PRESS AND PUBLIC** (Pages 99 - 100)

To consider adopting the following –

“Under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test.”

**10    CYBER SECURITY ANNUAL REPORT 2019/20** (Pages 101 - 112)

To present the report of the Head of Profession (HR) and Transformation.

**11**     **EXCLUSION OF PRESS AND PUBLIC** (Pages 113 - 114)

To consider adopting the following –

“Under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test.”

**12**     **CORPORATE RISK REGISTER UPDATE** (Pages 115 - 154)

To present the report of the Head of Audit and Risk.

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## AUDIT AND GOVERNANCE COMMITTEE

### Minutes of the extraordinary virtual meeting held on 13 October 2020

- PRESENT:** Councillor Peter S Rogers (Chair)  
Mr Jonathan Mendoza (Lay Member) (Vice-Chair)
- Councillors John Griffith, Richard Griffiths, G O Jones, R LI Jones, Dylan Rees, Alun Roberts, Margaret M Roberts.
- Lay Member – Mr Dilwyn Evans.
- IN ATTENDANCE:** Chief Executive,  
Director of Function (Resources)/Section 151 Officer,  
Head of Internal Audit & Risk (MP),  
Principal Auditor (NW),  
Committee Officer (MEH).
- APOLOGIES:** None
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance),  
Mr Ian Howse (Engagement Partner – Deloitte),  
Ms Bethan Roberts (Audit Wales),  
Accountancy Services Manager (BHO),  
Finance Manager (CK),  
Head of Democratic Services,  
Mr Gareth Wyn Williams (Local Democracy Reporter)

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#### 1 **DECLARATION OF INTEREST**

None received.

#### 2 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 1 September, 2020 were confirmed as correct.

#### 3 **STATEMENT OF ACCOUNTS 2019/20 AND ISA 260 REPORT**

The report of the Director of Function (Resources)/Section 151 Officer highlighting the main issues arising since the draft Statement of Accounts was presented to the Audit and Governance Committee on 1 September, 2020 was presented. Details of the main amendments to the draft accounts are set out in the Auditor's Report (Appendix 3 of the report). All the amendments which have been agreed as requiring restatement by Deloitte have been processed and are within the Statement of Accounts. The Director of Function (Resources)/Section 151 Officer reported that the draft Statement of Accounts were submitted to this meeting in July

and thereafter in September and no material changes have been made to the Statement of Accounts.

Questions were raised by the Members of the Committee as follows:-

- Clarification was sought as to Page 58 of the Statement of Accounts under Note 34 – Officer’s Remuneration, it showed an employee was in the £120k plus bracket compared to maximum of £85k in last year’s Accounts. Mr Ian Howse, Deloitte said that the matter related to a severance package for a Head Teacher
- Reference was made that interest incurred since the draft Statement of Accounts has increased by £37k and clarification was sought whether it would affect the comprehensive income and expenditure table or even the declared underspend. The Director of Function (Resources)/Section 151 Officer responded that the amendment may be an error at Note 44d itself and not within the actual Statement of Accounts. He noted that he would respond to the anomaly in due course.
- Clarification was sought as to whether funding has been distrusted from the David Hughes’ Charity Trust to help young people within the Secondary Schools. The Director of Function (Resources)/Section 151 Officer responded that whilst the David Hughes’ Charity Trust is mentioned within the Statement of Accounts the full report on the Accounts of the David Hughes’s Charity Trust will be reported to the Executive in November. The Portfolio Holder for Finance said that £276,400 has been transferred to the schools in 2019 towards learning coaches and that each Secondary School has received £8,560 towards grants for pupils.

Mr Ian Howse, Deloitte wish to congratulate the Council on meeting the original statutory timetable for issuing draft accounts to a very high standard during the difficult period due to the Covid-19 pandemic. He noted that the minor typographic amendments will be rectified before submission to the Authority’s full Council meeting. Mr Howse, reported the External that a level of ‘materiality’ was set at £3.7m which would apply to any local authority in Wales and is based on annual expenditure. He noted that some work is outstanding which was noted in paragraph 5 of the report and he referred to the completion and review of the Pensions Liability on receipt of IAS19 assurances from Pension Fund Auditor as well as conclusion in relation to McCloud and Goodwin cases. Mr Howse said that the work that is outstanding will be completed before the full Accounts are submitted to the full Council for acceptance.

Questions were raised by the Members of the Committee as follows:-

- Reference was made to the ‘Payroll’ Controls within the report and that the matter would be reported to the Committee. The Director of Function (Resources)/Section 151 Officer responded that for a number of years the authority has experienced difficulties with the separation of adequate roles within the payroll team due to limited staffing levels. The team has been restructured last year and an additional employee has been employed as a Systems Administrator whose role is to set access levels to the payroll system and to produced exception reports prior to the authorisation of each payroll which lists in detail the new starters and leavers, payments which exceed certain pre-set parameters. The Internal Auditors have reviewed the system put in place and

have responded that the level of assurance is satisfactory and the exception report will be submitted to the next meeting of this Committee.

The Director of Function (Resources)/Section 151 Officer further said that he wished to thank Mr Ian Howse and his team as this will be the last External Audit report by Deloitte. He noted that the Welsh Audit Offices will be taking over the financial audit from next year.

**It was RESOLVED:-**

- To recommend to the County Council that it confirms the acceptance of the 2019/20 Statement of Accounts;
- To approve the Annual Governance Statement and refer the document to the Leader of the Council and the Chief Executive for signature.

**COUNCILLOR PETER ROGERS  
CHAIR**

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Isle of Anglesey County Council

**Reference:** 2101A2020-21

**Date issued:** 4 November 2020

Dear Annwen,

**Isle of Anglesey County Council – COVID-19 response and recovery –  
Interim Assurance**

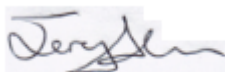
I wanted to write to you to sum up our early conclusions based on our ongoing monitoring of your COVID-19 recovery.

From the work that Audit Wales has undertaken to date, I am assured that Isle of Anglesey County Council's (the Council) recovery from the impact of the pandemic has benefited from proactive engagement at both regional and local levels and that the Council's planning and decision-making processes have shown strong and consistent collective leadership.

The Council's commitment to reintroducing democratic decision making, valuing communication, forward looking financial planning and a commitment to working with partners have all been notable elements of the recovery journey.

I have set out in the appendix to this letter some of the key areas we have looked at. This work is undertaken to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004, section 18 of the Local Government (Wales) Measure 2009 and section 15 of the Well-being of Future Generations Act (Wales) 2015. Further information about our work and our privacy notice is available on our website.

Yours sincerely



Jeremy Evans, Audit Manager

## Appendix

In Spring 2020, the COVID-19 pandemic had an unprecedented impact on our communities and public services. Councils have a key role to help keep staff and residents safe, adapt their decision-making arrangements, prioritise services and collaborate with partners to try and limit the spread and impact of the virus. Since the beginning of May we have been looking at the Council's approach to recovery and during this time we have observed meetings, reviewed documents and held on-line meetings with key officers and councillors.

Some examples of the work we have done are set out below:

### Meeting observations:

The Executive

Corporate Scrutiny Committee

Isle of Anglesey County Council

Partnership and Regeneration Scrutiny Committee

Audit and Governance Committee

Corporate Programme Board Meeting – Transforming Services

In addition, we have observed regional meetings of the Recovery Coordination Group and the Regional Economic Recovery Group hosted by the Economic Ambition Board.

### Documents reviewed

All agenda papers linked to the meetings noted and internal documents supplied by the Council.

Based on this work, I have set out some of the detail of my findings below:

## Keeping staff safe

The Council invoked its emergency planning arrangements and scaled back services in March 2020. Where possible staff have worked from home to limit the spread of the virus. Offices were initially limited to providing a supporting role for front line services. Going forward the Council is using a mix of working at home, in the office and working on site. As further Council services have been reintroduced, additional actions have been taken to provide a safe environment for the public and staff alike.

Measures such as an appointments system are often used to manage the number of individuals physically accessing a service at any one point in time. Looking forward, the Council has always recognised that Information Technology plays an

important role in delivering services, and the 2020-21 budget identifies further investment in IT to support the delivery of services.

## Adapting decision-making arrangements

The Council suspended formal governance meetings in April 2020 and resumed formal democratic meetings in May 2020 by making use of the internet and Microsoft Teams. All executive decisions made during the response to the pandemic were presented to the September 2020 full Council meeting, and a strategy for the reintroduction of meetings was introduced.

Whilst there was the odd example of growing pains, the Council has adapted well to their new meeting environment and has shown a commitment to making the new arrangements work. The Council has made efforts to improve on-line meetings and has revisited areas such as in-meeting voting and hosting a bilingual meeting to ensure that arrangements are effective and support open and transparent decision making.

## Prioritising services

The pandemic had an inevitable impact on services with many services closing and others reducing usual levels of service to prevent the spread of COVID-19. Staff members' willingness to be redeployed and undertake different work or roles has supported the communities on the island and contributed to the resilience of Council services.

Continuing to deliver key programmes and priority projects within the transformation programme will contribute to the resilience of services. Programmes such as 'Increasing the number of Local Authority Foster Carers', introduction of 'Cartrefi Clyd' and 'training flat' will positively contribute to **Support Vulnerable Adults and Families to Keep Them Safe, Healthy and As Independent As Possible** and the wider Council Plan as well as the overall resilience of the Council.

## Valuing Communication

The Council has made significant efforts to communicate to a wide range of audiences and the intent is demonstrated by the inclusion of a representative of the Communications Unit in key meetings. Examples of this comprehensive approach include:

- messages from the Chief Executive to staff supplemented by the staff newsletter;
- regular member briefing sessions;
- significant presence on social media;
- sharing of messaging with key partners; and
- sharing information and creating news content through a significant amount of press releases.

## **Financial Planning supporting services**

The Executive has received detailed reports that estimate the early financial impact of the COVID-19 pandemic as well as identifying future pressures on council services. The latter has identified areas of budget pressures predominantly relating to workforce, changes in demography and general inflation.

## **Working with partners**

The Council continues to work with the full range of partners to support the Island's communities and wider region. The Council has productive relationships with several key partners who have helped respond to the challenges of the pandemic. The Council has also developed relationships with community-based volunteer teams to support those in need. For example, to provide support for the vulnerable in their communities, a partnership was set up between the Council, Menter Môn and Medrwn Môn.

## **Responding to the challenges of today and planning for recovery**

As we enter a second phase of the COVID-19 pandemic, and implementation of a firebreak lockdown, the Council will once again be aligning its resources to support communities on the Island. In responding to a second wave of COVID-19, the Council should be able to draw from its experiences and learning from responding to the first wave. The Council may also be able to identify opportunities to continue to deliver prioritised elements of the transformation programme and formalise recovery plans, which will contribute to the resilience of the Council's services.

Ends.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Adroddiad i: Report to:</b>	Audit and Governance Committee
<b>Dyddiad: Date:</b>	1 December 2020
<b>Pwnc: Subject:</b>	An Update on the Internal Audit Strategy and Priorities for 2020-21
<b>Pennaeth Gwasanaeth: Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
<b>Awdur yr Adroddiad: Report Author:</b>	Marion Pryor Head of Audit and Risk 01248 752611 <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
<p><b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b>            In accordance with the Council's 'Strategy for Committee Meetings', this report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p>	

## Introduction

1. As a result of the current pandemic, the Council has had to prioritise its resources and the efforts of its workforce, so maintaining 'business as usual' has been difficult. However, although half of the Internal Audit team was redeployed within the organisation until late August 2020, 'internal auditing' has continued and has been directed to the areas of greatest value and risk to the organisation, responding to requests for assurance from the Senior Leadership Team, and undertaking mandatory grant audits.
2. We have therefore provided this brief update, as at 16 November 2020, on the audits completed since the last update as at 1 September 2020, the current workload of internal audit and our priorities for the short to medium term going forward.

## Recommendation

3. That the Audit and Governance Committee notes Internal Audit's assurance provision and priorities going forward.

## CURRENT CONTEXT

4. There needs to be a flexible approach to ensuring audit work meets the needs of the Council in this ever-changing risk and control environment. Internal Audit has used an innovative, fluid approach to planning since 2018/19 to determine its audit priorities. This has helped to ensure that Internal Audit's approach has remained proportionate in a climate of diminished resources.
5. In addition, a meeting of colleagues from across the UK on 14 October 2020 highlighted that in the current situation, it is critical to keep the audit plan current and under review. Agile Auditing and Agile Audit planning have become key tools; long-term audit planning even for next 12 months is unrealistic and fruitless. The internal audit team's workload is therefore being kept under constant review, in close consultation with the Risk and Insurance Manager and the Senior Leadership Team.

## ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

6. Following the employment of a new Senior Auditor in early August and the return of staff from redeployment in late August, work has recommenced and continued at pace:

Audit Area	Date of Final Report	Assurance Level	Catastrophic	Major	Moderate
Management of School Unofficial Funds	September 2020	Limited	0	1	4
Leavers' Process	September 2020	Limited	0	1	3
Payroll – Separation of Duties (Fourth Follow Up)	September 2020	Reasonable	0	0	1
Rent Smart Wales Grant 2019/20	September 2020	Substantial	0	0	0
Pupil Development Grant – Looked After Children 2019/20	September 2020	Substantial	0	0	0
Sundry Debtors (Third Follow Up)	September 2020	Reasonable	0	0	5
Local Authority Education Grant – Minority Ethnic Achievement Grant 2019/20	November 2020	Substantial	0	0	0

7. In accordance with the Committee's request, the full report and action plan for the two 'Limited Assurance' reports have been issued separately to members of the Committee and the relevant Portfolio Holders.
8. The responsible officers will be present in the meeting to answer any questions the Committee may have on these two reports:

- Management of School Unofficial Funds – Rhys Hughes, Director of Education, Skills and Young People; Aaron Evans, Senior Manager (Secondary Sector), Lifelong Learning
- Leavers’ Process – Carys Edwards, Head of Profession HR and Transformation, Corporate Transformation; Marc Jones, Director of Function (Resources) and Section 151 Officer

## WORK IN PROGRESS

9. There are a number of audits currently underway:

<b>Audit Area</b>	<b>Service</b>	<b>Reason for Audit</b>	<b>Stage</b>	<b>Anticipated Final Report Date</b>
Creditors – Supplier Maintenance	Resources	Fraud	Draft report issued	November 2020
Corporate Parenting Panel	Social Services	Senior leadership request	Informal draft report issued	December 2020
Emergency Management Assurance (First-line assurance)	Corporate	High risk – Covid 19 related	Scoping and preparation	January 2021
Pupil Development Grant (PDG) Access	Resources/ Learning Service	Grant condition	Fieldwork	December 2020
Local Authority Education Grant – Teachers Pay Award – Financial Pressures Associated with Teachers Pay Award	Resources/ Learning Service	Grant condition	Draft report issued	December 2020
Local Authority Education Grant – Professional learning to support and raise the quality of our teachers	Resources/ Learning Service	Grant condition	Fieldwork	December 2020
Local Authority Education Grant – Wellbeing - A whole-school approach to mental health and emotional well-being	Resources/ Learning Service	Grant condition	Fieldwork	December 2020
Local Authority Education Grant – Cost of Teachers' pay award (excluding 6th forms)	Resources/ Learning Service	Grant condition	Fieldwork	December 2020
Local Authority Education Grant – Additional Free School Meal costs due to rollout of Universal Credit	Resources/ Learning Service	Grant condition	Fieldwork	December 2020

<b>Audit Area</b>	<b>Service</b>	<b>Reason for Audit</b>	<b>Stage</b>	<b>Anticipated Final Report Date</b>
Recovering Council Debts	Resources	Director of Function (Resources) and Section 151 Officer request	Scoping and preparation	January 2021
The Identification of Duplicate Invoices and Recovery of Duplicate Payments	Resources	Director of Function (Resources) and Section 151 Officer request	Scoping and preparation	January 2021

10. The following work is also underway:

### **National Fraud Initiative**

11. The biennial National Fraud Initiative (NFI) exercise is underway. The Auditor General for Wales mandates these data matching exercises under his statutory powers in the Public Audit (Wales) Act 2004.
12. We are working with services to extract data for uploading to the NFI portal, which is mandatory and must be completed by 1 December 2020 for the main bulk of datasets required.
13. A new exercise has been added this year to undertake data matching to identify potential fraud in relation to the Covid-19 relief programme. In December 2020, we will be required to submit data for the Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund.
14. The NFI exercise will involve data analytics to identify:
  - multiple small business grants paid to businesses within local authorities
  - duplication between grant schemes where relevant; and
  - payments made to business or individuals flagged in proven fraud 'watchlist' data where available.
15. At this stage, the NFI is not asking for submission of grants data for payments from the Lockdown Business Fund that relate to the Firebreak Lockdown. However, it is likely the NFI may request this data for a future exercise.
16. A further exercise involving Council Tax and Electoral Register data must be completed between 1 December 2020 and 29 January 2021.



## **Overdue Actions**

17. Due to services being heavily involved in responding to the emergency, we suspended our work following up on actions to address the 'Issues/Risks' we had previously raised in our reports.
18. This resulted in a number of actions becoming overdue and we have restarted our work in this area. We have focused our work in Resources, as this is where the majority of the overdue actions sit.
19. The 4action dashboard at [Appendix 1](#) provides the situation as at 16 November 2020. Services have been working hard to address outstanding 'Issues/Risks' leaving currently only five actions overdue, relating to procurement, payroll and the payment of housing rent by standing order. Work is progressing to support services with implementing all outstanding actions.

## **PRIORITIES FOR THE REMAINDER OF THE YEAR**

20. The following work will be prioritised for the remainder of the year, while also remaining agile to react to any work arising at short notice, and any requests from the Senior Leadership Team. The first two pieces of work were notified to the Committee at its meeting on 1 September 2020:
  - Managing the Risk of Fraud
  - NDR Fiscal Stimulus (Business grants) – post-payment assurance

## **Homelessness (YM45)**

21. We started to look at this area of work before lockdown, due to it being identified in the corporate risk register with a 'Major' residual risk rating as part of the overarching risks arising from Welfare Reform (formerly YM10). The SLT has now amended the risk register entry, which is now focused more widely on the risks associated with poverty (YM45).
22. Work was postponed due to the Housing Service being heavily involved in the emergency response, but will be recommenced before the end of the year with a focus on the revised risk register entry.

## **Housing Allocations**

23. Although more recently impacted by Covid 19, the performance measure in the corporate scorecard for housing allocations has consistently been poor, which has come to the attention of the Executive and they have asked that we review this area to determine the cause.

## **Ash Dieback (YM47)**

24. Ash dieback, *Hymenoscyphus fraxineus* (formerly known as *Chalara fraxinea*), is the most significant tree disease to affect the UK since Dutch Elm Disease. It will lead to the decline and possible death of the majority of ash trees in Britain and has the potential to infect more than two billion ash trees (over 1.8 billion

saplings and seedlings to more than 150 million mature trees) across the country.

25. Ash dieback will lead to changes to our landscape and tree populations, changes to biodiversity and landscape character and potentially increase effects such as flooding caused by the way water interacts with the environment. With current consensus being that up to 85 – 90% of ash trees will die or be severely affected over the next 5 – 15 years the scale of health and safety risks caused by ash dieback alone will mean that it will not be 'business as usual' for any organisation managing ash trees. Tree failures could translate into an increase in the number of people harmed by trees and a potential increase in property claims.
26. The Council will need to review, where necessary, and make changes to tree safety management regimes and practices. This will have major resource implications to make safe those ash trees close to roads, public rights of way, public spaces, railways, and telephone and electricity cables.
27. While there is still a degree of uncertainty on how Ash Dieback will impact our society, it is foreseeable that it will result in a loss of current amenity, while elevating risk and the costs of managing these.
28. Due to the prevalence of Ash trees in parks and roadside verges, the Head of Highways, Waste and Property has raised this issue with us. The SLT has also now recognised this risk in its corporate risk register (YM47), with a 'Critical' inherent risk and 'Major' residual risk following mitigation measures. We will review these mitigating measures and the action taken by the Council to understand the scale of the issue, the risks it presents and how effectively the Council is controlling and managing these risks.

## **IT Audit**

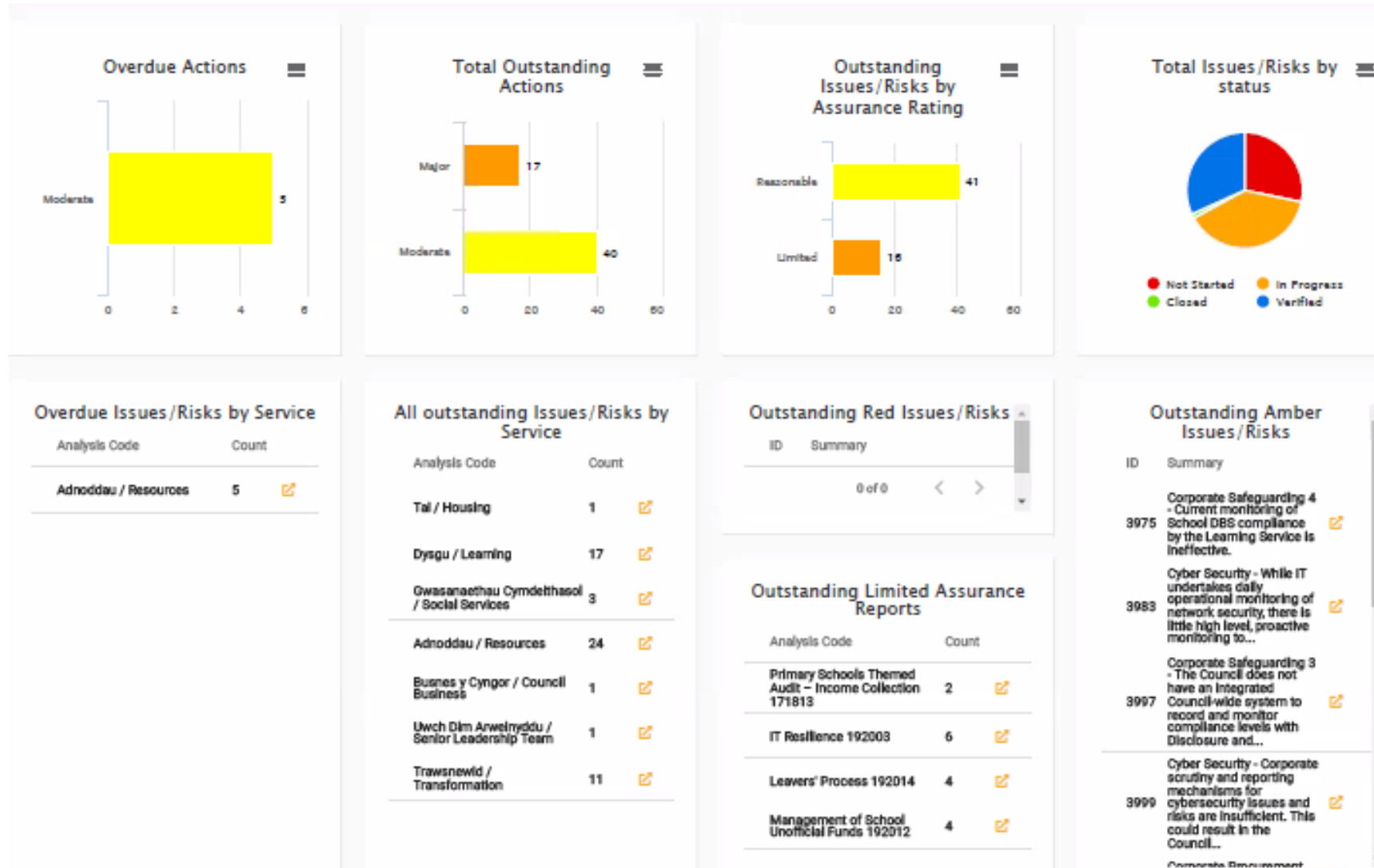
29. As with all organisations, technology is an integral part for all day-to-day operations and reliance is placed on availability and continuity of digital services and ensuring connectivity, particularly during the current pandemic where the majority of users are working at home. In addition, the Council has set its 'Digital Island' strategy to deliver effective and efficient digital services for the people of Anglesey.
30. Assurance is required that ICT Services is equipped with the required technology, capacity and capability to maintain a level of service to align to the Council's core objectives and to ensure the confidentiality, integrity and availability of the council's data.
31. The Internal Audit team do not have the technical capability to provide this assurance, so we have commissioned the City of Salford IT Audit team to undertake two pieces of assurance work on our behalf. The first piece is confidential but we will provide more details in due course. We are currently in discussion with the ICT service to agree a mutually beneficial topic for the second piece.
32. Both pieces of work will be undertaken before the end of the financial year.

## **'PARKED' WORK**

33. The following audits (Corporate Risk Register priorities) are deemed low priority for assurance; they have not advanced significantly as a project and therefore an audit at this stage would not provide any significant benefit or assurance. The audits are therefore 'parked' until resources allow or sufficient work has commenced:

- YM32 – Investment in Leisure Facilities
- YM15 – Schools modernisation project
- YM17 – Island infrastructure

# APPENDIX 1 - OVERDUE ACTIONS (4ACTION DASHBOARD)



<b>CYNGOR SIR YNYS MÔN / ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Meeting:</b>	Audit & Governance Committee
<b>Date:</b>	1 December 2020
<b>Title of Report:</b>	Anglesey Schools Data Protection Evaluation Report- First Evaluation Visit to Anglesey Primary and Secondary Schools by Schools Data Protection Officer- July 2020
<b>Purpose of the Report:</b>	To inform members as to the level of data protection compliance and risk in relation to schools
<b>Report by:</b>	Elin Williams, Schools Data Protection Officer Ext: 1833, <a href="mailto:dpoysgolionmon@ynysmon.gov.uk">dpoysgolionmon@ynysmon.gov.uk</a>
<b>Contact Officer:</b>	Elin Williams, Schools Data Protection Officer Ext: 1833, <a href="mailto:dpoysgolionmon@ynysmon.gov.uk">dpoysgolionmon@ynysmon.gov.uk</a>

## **Purpose of this report**

To provide the Audit & Governance Committee with the Schools Data Protection Officer's analysis of where the schools are up to in terms of compliance with requirements under data protection legislation, mainly under the General Data Protection Regulation (*GDPR*) following first visit to primary and secondary schools.

This report gives a summary of findings of the Schools Data Protection Officer following the visits and offers next steps to take to ensure that all schools meet data protection requirements as soon as possible.

The report includes details around the findings of the visits to 45 schools between October 2019 and February 2020 and the steps taken following the visits up to July 2020.

## **Introduction**

Following the appointment of a Schools Data Protection Officer in the Learning Service during August 2019, the officer undertook the first evaluation visit to 45 out of the 46 Anglesey primary and secondary schools.

The visits was also an opportunity to follow up on some of the action points that arose from the *Zurich Risk Engineering UK* inspection report (dated June 2019). The Council commissioned *Strategic Risk Practice Zurich Risk Engineering UK* to perform a review and to prepare an inspection report on data/information governance and the level of *GDPR* implementation across Anglesey schools.

The *Zurich* inspection identified 11 areas for action, with two of these being graded as 'High, eight as 'Medium' and one as 'Low'.

As a result of this report, an Action Plan was created between the Council's Audit and Risk Service and the Learning Service in order to respond to the points raised in

the *Zurich* report. Details regarding the developments around the actions points is included in the report.

The report also includes proposed steps to take that informs a work programme based on findings.

### **Summary of the Schools Data Protection Officer's Findings**

- Day-to-day information management **practices** within schools are generally acceptable but the majority of schools with current key policies and documents have not been adopted and are in place as a number of these policies and documents were not created for schools prior to the appointment of the Schools Data Protection Officer. It is essential that current core policies and documents are adopted as soon as possible. COVID-19 has had an impact on the timetable for approving the key policies and documents but it is necessary to look to get these in place, in partnership with the schools, during the autumn term.
- There is a need to ensure that specific, effective and robust data protection processes are in place. This is in line with the key policies and documents. At present, there are no robust processes in place around handling breaches; handling data subject access requests; restricting access to personal information; the removal of personal data that has elapsed a retention period; managing data protection risks and creating Data Protection Impact Assessments for high risk processes.
- There is a need to ensure that schools have *ROPA* (including data flow maps) and an Information Asset Register in a place that are kept up-to-date.
- There is a need to ensure that schools have suitable and up-to-date Privacy Notices and that they are shared and are available to individuals and that data collection forms and consent forms include a summary of the Privacy Notice.
- There needs to be appropriate agreements in place with high level data processors and also with individual schools. The Schools Data Protection Officer will need to work with the schools to ensure that these are in place.
- The Schools Data Protection Officer needs to do more work with schools around the use of consent including reviewing the current forms.
- The training plan needs to be updated and schools ensure that all their staff have completed the online module.
- Work needs to be done to ensure that all school governing bodies are aware of their data protection responsibilities and how to ensure that schools comply. The school governing bodies will need to adopt the data protection

policies on behalf of the schools and ask schools to evidence their compliance with these.

<b>Schools Data Protection Officer Assurance Assessment (July 2020)</b>	<b>Reasonable Assurance</b>
The process of beginning to have policies, processes and practices in place to comply with data protection legislation has started within the schools, but there is more work to be done to have all schools on the same level and operating consistently across the island.	

### **Up-date on Progress since July 2020**

It is noted that COVID-19 has had a significant impact on the implementation of the steps to be taken and on the work programme for approving the policies; adopting the policies and the training and awareness raising relating to this due to other key priorities arising during this period.

The following progress has been made since July 2020:

- The key policies, guidance and templates for schools have been finalised, translated and are ready to be shared and adopted by the schools.
- A Schools Data Protection Policy Plan is in place which details the dates of implementation of the different policies, guidance and key documents and templates and the training and support for the adoption of these that will be provided. Different key policies will be introduced and adopted from December 2020 up until July 2021 and a programme of dates have been arranged for the Schools Data Protection Officer to provide support and guidance to schools with the implementation of these.
- The School Data Protection Training Plan is in place. The training sessions arranged from November 2020 onwards are available online and through technology rather than just face-to-face sessions. This includes training for headteachers, teachers, schools staff and school governors.
- The Schools Data Protection Officer is undertaking a review of the use of consent and the current forms that are in use.
- Work is underway reviewing the use of systems, programmes and apps by the schools and to look at the agreements in place around these and the possible impact of Brexit on any agreements with providers based outside of the UK.

### **Recommendations**

The Schools Data Protection Officer makes the following recommendations to the Committee, that:

- i. the Schools Data Protection Officer report, including the findings, is accepted;

ii. the Committee endorses the Schools Data Protection Officer's proposed next steps to ensure that all schools operate in accordance with data protection requirements.





# ANGLESEY SCHOOLS DATA PROTECTION EVALUATION REPORT

ELIN WILLIAMS, SCHOOLS DATA PROTECTION  
OFFICER

**July 2020**

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## 1. Background and Operational Summary

Following the appointment of a Schools Data Protection Officer in the Learning Service during August 2019, the officer undertook the first evaluation visits to Anglesey primary and secondary schools. These visits took place between October 2019 and February 2020.

The visits were undertaken as a starting point to see where schools are up to in terms of compliance with requirements under data protection legislation, mainly under the General Data Protection Regulation (*GDPR*) which came into force in May 2018. This also gave a better understanding to the Schools Data Protection Officer of what elements needed to be prioritised in terms of a work programme and was an opportunity to get to know key contacts within the school. It was also an opportunity to follow up on some of the action points that arose from the *Zurich Risk Engineering UK* inspection (see item 2 below).

Following the visits, the Schools Data Protection Officer came to the conclusion that day to day information management practices within the schools were acceptable but work needs to be done on ensuring that current key policies and documents have been adopted by the schools as soon as possible and it must be ensured that specific, effective and firm data protection processes are in place. It also needs to be ensured that risks are effectively managed and that appropriate agreements are in place with data processors. Having a specific training plan in place for staff and schools and the governing body is also a priority to ensure that everyone within the school structure is aware of their data protection responsibilities. It is essential that the schools understand their responsibilities and implications as the Data Controller and the legal expectations that come as a result. The Schools Data Protection Officer has identified what work must be done with the schools to ensure that they comply with data protection legislation and fulfil what is expected of them.

<b>Schools Data Protection Officer Assurance Assessment (July 2020)</b>	<b>Reasonable Assurance</b>
<b>The process of beginning to have policies, processes and practices in place to comply with data protection legislation has started within the schools, but there is more work to be done to have all schools on the same level and operating consistently across the island.</b>	

## 2. *Zurich Risk Engineering UK* Inspection

The Council commissioned *Strategic Risk Practice Zurich Risk Engineering UK* to perform a review and to prepare an inspection report on data/information governance and the level of *GDPR* implementation across Anglesey schools in 2019. The work included a situation questionnaire including specific *GDPR* scenarios for the education sector and also face to face interviews with 6 selected schools to understand their methods of handling and governing information and data protection. 25 of the 46 schools sent a response in terms of the questionnaire (55%) and 5 of the 6 schools were interviewed. *Zurich* also reviewed training materials that were part of the Council's *GDPR* programme.

One of the matters mostly highlighted in the report (dated June 2019) was that there was no Schools Data Protection Officer in place at the time. The company emphasised that the Data Protection Officer was a significant part missing in the review process as they were unable to discuss operational and strategic elements of data governance with the officer. The impact of not having a Schools Data Protection Officer in place for over a year in the *GDPR* implementation period was also seen during the visits by the Data Protection Officer.

The *Zurich Risk Engineering UK* inspection identified 11 areas for action, with two of these being graded as 'High, eight as 'Medium' and one as 'Low'.

As a result of this report, an Action Plan (APPENDIX A) has been created between the Council's Audit and Risk Service and the Learning Service in order to respond to the points raised in the *Zurich* report. When the Council's Audit and Risk Service reviewed the actions in October 2019, 'Reasonable' assurance was given for risk management, *GDPR* governance and management within the schools due to the appointment of a Schools Data Protection Officer (one of the 'High' risks) and the work done by her to address the points for action at the time.

The 11 actions that have arisen have been implemented or are in the process of being implemented and appear within this report. It is noted that COVID-19 has had an impact on the approval of the policies and this in its turn has had an impact on the original action timetable. (APPENDIX A) gives an update up to June 2020.

### 3. Visiting the Schools

An evaluation form (APPENDIX B) was used for visits and each school received a completed form with comments, including actions and main data protection risks identified by the Schools Data Protection Officer following the visit. A number of points within

the form coincide with the questions that pertain to *GDPR* within the 'School Management System' so that schools are able to score themselves on where they have reached in terms of implementing *GDPR*.

The visit was in the form of a chat and this visit didn't go into detail in terms of seeing evidence of compliance. This will be something that will follow after schools receive more practical guidance and support on what specific policies and processes need to be in place. A visit took on average two hours to complete and something similar again to prepare the form to share with schools following the visit.

The Headteacher was present in the majority of visits and/or the person responsible for data protection at the school and other relevant officers were present. In the majority of primary schools, the Headteacher is responsible for data protection at the school. In the secondary schools, the Assisting Headteacher or another officer tends to be responsible for data protection matters.

These are the 45 schools who had a visit from the Schools Data Protection Officer between October 2019 and February 2020:

#### Primary Schools

Ysgol Gynradd Amlwch	Ysgol Esceifiog	Ysgol Llanfairpwll	Ysgol Penysarn
Ysgol Beaumaris	Ysgol Gymuned y Fali	Ysgol Llanfawr	Ysgol Rhoscolyn
Ysgol Gynradd Bodedern	Ysgol y Ffridd	Ysgol Llanfechell	Ysgol Rhosneigr
Ysgol Bodffordd	Ysgol Garreglefn	Ysgol Llangoed	Ysgol Rhosybol
Ysgol y Borth	Ysgol Goronwy Owen	Ysgol Llannerch-y-medd	Ysgol Rhyd y Llan
Ysgol Bryngwran	Ysgol y Graig	Ysgol Moelfre	Ysgol Santes Dwynwen
Ysgol Brynsiencyn	Ysgol Henblas	Ysgol Gymraeg Morswyn	Ysgol Santes Fair
Ysgol Cemaes	Ysgol Kingsland	Ysgol Parc y Bont	Ysgol Talwrn
Ysgol Corn Hir	Ysgol Llanbedrgoch	Ysgol Pencarnisiog	Ysgol y Tywyn
Ysgol Cybi	Ysgol Llandegfan	Ysgol Pentraeth	

#### Secondary Schools

Ysgol Uwchradd Bodedern  
Ysgol Uwchradd Caergybi

Ysgol David Hughes  
Ysgol Gyfun Llangefni  
Ysgol Syr Thomas Jones

Special Schools  
Canolfan Addysg y Bont

In contrast to the *Zurich* inspection, it is noted that all schools on the island apart from Ysgol Caergeiliog were part of the visits as they haven't yet confirmed whether or not they want to use the Schools Data Protection Officer service. The schools pay a contribution towards the post.

This report gives a summary of findings to the Schools Data Protection Officer following the visits and offers next steps to take to ensure that all schools meet data protection requirements as soon as possible. The report includes details around steps taken following the visits up to July 2020, including meeting with the Learning Service Senior Management Team on 20 July 2020 to discuss approving key data protection policies, guidelines and documents.

#### **4. Registering with the Information Commissioner's Office (ICO)**

Schools are required to pay an annual data protection fee to the *Information Commissioner's Office* as they process personal data. Almost all schools were registered with the Information Commissioner's Office during the visits.

Details of the Schools Data Protection Officer had been added against each school's registration.

It is important that schools ensure that they pay the fee on time, each year, to avoid the risk of being fined. This is being monitored by the Schools Data Protection Officer.

#### **5. Records of Processing Activities (ROPA)**

Under *GDPR*, schools need to have *Records of Processing Activities (ROPA)* in place. The schools did not have a *ROPA* in place during the visiting period. This had not been discussed in detail during the visits but this is an essential element to have in place.

The Schools Data Protection Officer has created a *ROPA* template and guide. It was agreed with the Senior Learning Service Management Team that work needed to be done with one of the primary schools and one of the secondary schools on the completion of *ROPA* which will be shared as a template for schools to use and adapt as necessary. Schools will need to keep this up-to-date and be responsible for updating it if there are any changes to data processing activities.

The Schools Data Protection Officer will also create data flow maps for different processes with the schools as part of this work.

## 6. Information Assets Register

Schools are required to have an up-to-date Information Assets Register which documents what personal data is held, where it came from, who it is shared with and what is done with the information.

The Information Assets Register template had been shared with schools by the Learning Service in summer 2018 so that they could use it to create a list themselves but some schools reported that this template was complex to use. As a result, the majority of schools did not have an Information Assets Register during the visits, with 10 (22%) of the schools with one in place or have tried to create one.

Work has already been undertaken with one of the primary schools on completing an Information Assets Register prior to the COVID-19 period, which will be used as a template for schools to use. The same will also need to be done with one of the secondary schools (this had originally been agreed for March 2020, but had to be postponed because of COVID-19).

The Senior Learning Service Management Team have confirmed that they are happy with the template. The Data Protection Officer will need to complete an Information Assets Register with a secondary school, and then share a primary and secondary template with the schools so that they can adapt it for their school. It is essential that everyone has a current one in a place that is regularly reviewed by the school.

## 7. Privacy Notice

12 (27%) of the schools had a Privacy Notice in place during the visiting period.



It is essential that schools have an up-to-date bilingual Privacy Notice which informs individuals about what personal information is collected and held by the schools. Individuals need to be informed of how the schools use their personal information and for what purpose. A Privacy Notice requires clarification of the purpose and legal basis for processing; identify any third party the school shares information with and any external processor also.

Some of the schools had created a Privacy Notice themselves. A template has been shared with schools by the Learning Service in summer 2018 for them to use to create their own Privacy Notice, but some schools reported that this template was complex to use.

The Schools Data Protection Officer has created a Privacy Notice template for primary and secondary schools and for the school workforce to create consistency. These are in the process of being approved by the Senior Learning Service Management Team and checked by relevant officers within the Council. The Schools Data Protection Officer is also in the process of creating a children and young people's version.

Schools will need to formally adopt the Privacy Notices; ensure that they are suitable for the school (modify them if not); be shared with individuals at the point of collecting information (e.g. the school's website or social media account) and updating and keeping them up-to-date as necessary.

The Schools Data Protection Officer will review all data collection and consent forms and include a summary of the Privacy Notice in these documents. Schools are responsible for ensuring that they are properly adopted and kept accurate and up-to-date.

## **8. Data Protection Policy**

Some schools have an up-to-date Data Protection Policy in place. A Data Protection Policy was shared with schools by the Learning Service in 2018 for adoption following *GDPR* coming into force.

During the visits, 21 (47%) of the schools had adopted this policy and some still had the old pre-*GDPR* version in use which is not current policy. Some schools did not have a Data Protection Policy in place.

It is essential that all schools have a Data Protection Policy and that they monitor their compliance with the policy on a regular basis. Schools need to ensure that they can demonstrate that they comply with the policy and that they have a process in place to share this policy with individuals.

The Schools Data Protection Officer has updated the current School Data Protection Policy. The policy was originally due to be approved and adopted during the spring term but the schedule has slipped due to COVID-19. This is in the process of being approved by the Senior Learning Service Management Team and being checked by relevant officers within the Council. This is a key policy and it is important that schools adopt it as soon as possible and can demonstrate that they comply fully with this policy.

## 9. CCTV Policy

During the visiting period, 21 (72%) out of the 29 schools with a CCTV system had adopted the current CCTV Policy. It is essential that all schools with CCTV have a policy in place and also ensure that they have signs within CCTV monitored areas across the school that advertise that there is CCTV in operation. 16 of the schools did not have an active CCTV system during the visiting period.

The Schools Data Protection Officer has updated the current School CCTV Policy and created a School CCTV System Log for them to use. These are in the process of being approved by the Senior Learning Service Management Team and are being checked by relevant officers within the Council.

The schools with active CCTV will need to ensure that they have adopted the new policy and can demonstrate that they are fully compliant with this policy.

## 10. Information Risk Management

Schools did not have information risk management processes in place during the visiting period. Schools need a formal way of identifying risks around personal data e.g. Risk Register. This is a way for schools to be able to evidence that risks are identified and that mitigation is in place to deal with the risks. It is also important that the governing body is aware of any high information risks. This is in line with the Data Protection Impact Assessment process.

The Schools Data Protection Officer has created a Schools Data Protection Risk Register and a Schools Data Protection Risk Matrix. These are in the process of being approved by the Senior Learning Management Team and are being checked by relevant officers within the Council. Schools will be responsible for assessing and reviewing the risks and keeping the Risk Register accurate and up to date.

The Data Protection Officer will need to provide training around managing information risks to schools. This will be included in the Data Protection Training Plan.

### **11. Data Protection Impact Assessments (DPIAs)**

Under *GDPR*, schools are legally asked to complete Data Protection Impact Assessments (*DPIAs*) when there is a high risk in data processing. Schools did not have a process in place around the completion of Data Protection Impact Assessments during the visiting period.

Schools are now aware of when they must carry out a Data Protection Impact Assessment (i.e. when they are using new technology that is likely to be high risk). They are also aware that the Schools Data Protection Officer needs to be involved in completing any Data Protection Impact Assessment.

The Schools Data Protection Officer has created a School Data Protection Impact Assessment Policy. This is in the process of being approved by the Senior Learning Service Management Team and being checked by relevant officers within the Council. The policy will be aligned with the School Data Protection Risk Register and the School Data Protection Risk Matrix. There is a Data Protection Impact Assessment template and a corporate Data Protection Impact Assessment Screening Checklist which will also be used for schools.

The Schools Data Protection Officer will undertake a piece of work around what current processes within the schools will require Data Protection Impact Assessments and training for relevant staff will need to be added to the Data Protection Training Plan so that schools are aware of their responsibilities.

### **12. Agreements with Processors**

Schools did not appear to have individual agreements in place with data processors during the visiting period but this had not been discussed in detail. A high number of schools reported that they had no agreements as individual schools and used processors that all schools use.

Schools are aware that there is a need for a written contract with all third party providers who process personal data on behalf of the school. This can be a company that processes data through online educational programmes (e.g. through an app).

All schools have registered for the Wales Accord on the Sharing of Personal Information (*WASPI*) in the period May to July 2020. The *WASPI* Framework provides a practical working method to share personal information, provide common standards and templates for the development of Information Sharing Protocols (*ISPs*) and Data Disclosure Agreements (*DDAs*). The overall aim of the framework is to support public service providers to deliver effective services in complying with their legal obligations– i.e. *GDPR* and the *Data Protection Act 2018*.

The Schools Data Protection Officer will undertake a piece of work looking at high level agreements and also discuss with individual schools if agreements need to be in place with individual data processors. This work will be undertaken in autumn 2020.

### **13. Systems, Programmes and Apps Used by the Schools**

The majority of schools had provided a list of all systems, programmes and apps used by schools that collect, share and process personal data during the visiting period.

This piece of work was originally being undertaken in order to prepare for the possibility of a ‘*No Deal Brexit*’ and to be able to prepare any agreements that needed to be changed. The Schools Data Protection Officer will use this information to review what agreements are in place with data processors during the autumn term 2020.

### **14. The Process of Investigating; Notifying of and Reporting Breaches**

During the visits, schools shared that not many breach incidents had taken place in the past. As a result, most schools did not have an effective process to identify, report, manage, record and resolve any breaches of personal data in place. It is essential that all schools have a process in place for this.

Schools are aware that any breaches need to be reported to the Schools Data Protection Officer within 72 hours of being aware of a data breach in accordance with the requirements of the *ICO*. They are also aware that the Schools Data Protection Officer is responsible for deciding whether or not to report to the *ICO* and whether individuals need to be notified.

As there are no specific policies or templates for schools in place around dealing with breach proceedings, the Data Protection Officer has created a pack for dealing with these which includes:

- Schools Data Breach Policy;
- Schools Data Breach Guide;
- Schools Data Breach Investigation Form;
- Schools Data Breach Report to the School Governing Body; and
- Schools Data Breach Log.

The pack is in the process of being approved by the Senior Learning Service Management Team with relevant officers within the Council checking it. Schools will need to adopt the policy and ensure that there is a robust process in place in order to be able to deal with any cases within the statutory timescale. The Schools Data Protection Officer will need to provide training for relevant staff to ensure that there is a good understanding of the process within the schools and that they can evidence that they are complying with their responsibilities.

### **15. The Process of Handling a Data Subject Access Request**

During the visits, schools shared that they tended not to receive many data subject access requests. Secondary schools received more requests than primary schools.

Under data protection legislation, individuals have the right to apply to access their personal information. It is important that schools have an effective process that deals with any data subject access request being received and can easily search for all records held about the individual. Requests need to be responded to within one calendar month even if the application comes in on a first day of the summer holidays. It is possible to have an additional two month extension in 'complex' cases.

As there were no specific policies or templates for schools in place around dealing with data subject applications, the Schools Data Protection Officer has created a pack for dealing with these which includes:

- Schools Data Subject Access Request Policy;
- Schools Data Subject Access Request Form;
- Schools Data Subject Access Request Acknowledgment Letter Template;
- Schools Data Subject Access Request Extension Letter Template; and

- Schools Data Subject Access Request Response Letter Template.

It is vitally important that the school has a good understanding of what data is being shared and what data is not appropriate to share (e.g. another person's personal data; third party data and excluded information). The Schools Data Protection Officer is available to facilitate and support schools in preparing information to share with individuals within the statutory timescale.

The pack is in the process of being approved by the Senior Learning Service Management Team with relevant officers within the Council checking it. Schools will need to adopt the policy and ensure that there is a robust process in place to be able to deal with any applications within the statutory timescale. The Schools Data Protection Officer will need to provide training for relevant staff to ensure that there is a good understanding of the process within the schools.

## **16. Keeping Personal Data Accurate and Up to Date**

A majority of schools had processes in place to keep personal data accurate and up-to-date during the visiting period. It is essential that schools keep personal data accurate and up-to-date at all times and update information immediately when it is received. This reduces the risk of breaches. Individuals also have the right to ask to correct information that is inaccurate and this needs to be done in a timely manner.

The only element that can cause a delay in updating data is that some of the schools rely on the SIMS Officer to update the information as they do not have the rights to do this within the school. This can slow down the process as the SIMS Officers administer on behalf of a number of schools and are not located in the schools, so a delay can take place because of the circumstances.

Sometimes there are cases where the same information is held in many different places, so updating information can be difficult if the information is held by more than one person in more than one place. Schools need to ensure that they do not duplicate information unnecessarily and that information is updated on all versions of the information.

All schools need to ensure that there is an effective process in place that ensures that personal data remains accurate and up-to-date at all times to ensure that they comply with legal requirements. This is included in the general data protection training sessions.

## 17. Rights under GDPR

During the visits, schools were generally not fully aware of the different rights that individuals have under *GDPR*. This was not discussed in detail during the visits but this is included in the general data protection training, but more specific work needs to be done with relevant staff in order to improve their understanding of individuals' rights around their personal data, namely:

- The Right to Rectification and to Data Quality (Article 16);
- The Right to Erasure (Article 17);
- The Right to Restrict Processing (Article 18);
- The Right to Data Portability (Article 20);
- The Right to Object (Article 21);
- Rights in Relation to Automated Decision-Making and Profiling (Article 22).

There is more detail about these rights within the data protection policies.

## 18. Records Management Policy

Schools did not have a Records Management Policy in place during the visiting period and this was not discussed in detail. In order to ensure that effective records management is in place and to ensure that schools comply with data protection legislation, schools need a Records Management Policy.

A School Records Management Policy has been created by the Schools Data Protection Officer. The policy is in the process of being approved by the Senior Learning Service Management Team with relevant officers within the Council checking it. Schools will need to formally adopt the policy and ensure that they comply with this.

## 19. Consent- Consent and Data Collection Forms

A majority of schools used the current parental consent form to give their permission for the school to use pictures and images of their children for publication on a website, social media and newspapers. The majority of primary schools had systems to record and manage ongoing consent, but this can be challenging for secondary schools because of the numbers of pupils and the ability to manage and act on those that do not consent on different elements.

The Schools Data Protection Officer is reviewing the current consent forms to ensure that there is consistency across schools and that the use of newer technology is also included. The consent element can be complex and there is a general misunderstanding of the scope of appropriate use of this. The Schools Data Protection Officer needs to do more work with the schools around consent and create a Photo-taking Policy for the purpose of school publicity.

## 20. Secure Sharing of Information

A majority of schools used a school's official e-mail account for emailing during the visiting period. The schools have Welsh Government Hwb accounts and some also have County Council accounts. A majority of governors used personal e-mail addresses and some schools had *g-mail* accounts. The use of personal e-mail accounts for sharing personal data can be a risk.

It was discussed to put safeguards in place such as using only the initials of a name within e-mails when sharing personal details about pupils and using a password when documents containing personal data are shared by e-mail. There is a risk of data breaches occurring due to emails being sent to the wrong address etc. Safety measures are included in the general training sessions.

Schools need to ensure that all staff only use the school's official e-mail account and put safeguards in place around sending e-mails so that the risk regarding breaches taking place reduces and personal data is safer. Work is being undertaken to create Hwb accounts for all school staff and also for governors. This is a positive step towards ensuring that only official accounts are used for sharing personal data throughout the school.

The Schools Data Protection Officer has created a School Staff E-mail Policy and a School Information Security Policy and these policies are in the process of being approved by the Senior Learning Service Management Team and being checked by relevant officers within the Council. Schools will need to adopt the policies and ensure that they use the school's official e-mail account and put security measures in place when sending e-mails.

## 21. Records Retention Schedule

The current School Retention Schedule 2018 document was shared with schools in summer 2018. The document is based on national directions. This is the current document to use, but not all schools were aware of this during the visiting period.



The Senior Learning Service Management Team has confirmed to continue to use this version and to wait until regional work is undertaken to update it. It is important that retention periods are adhered to as the retention of personal data for longer than necessary goes against the principles of data protection legislation. Similarly, it is important not to dispose of personal data before the retention period ends either as there is a possibility that the information will be required for data subject access requests or for freedom of information requests.

The School Retention Schedule has been shared with the schools for use.

## **22. Processes and Arrangements for the Deletion and Disposal of Personal Data**

The majority of schools had effective personal data deletion and disposal processes and arrangements in place during the visiting periods.

Most schools have suitable methods for disposing of paper documents (e.g. confidential waste bin, shredder). Some schools need to consider having a cross-cutting shredder that is safer than a standard shredder and consider paying a company that disposes of personal data securely when they have a large clearance operation.

The Schools Data Protection Officer has created a Schools Information Security Policy which includes arrangements for the safe removal and disposal of personal data. The policy is in the process of being approved by the Senior Learning Service Management Team with relevant officers within the Council checking it. Schools will need to formally adopt the policy and ensure that they comply with this and adhere to the School Retention Schedule.

## **23. Storage of Personal Data**

Schools were able to list where personal data is stored (including paper and electronic records) and what security processes were in place during the visiting period.

Some of the schools raised that there were problems around storing personal information particularly in the schools in old buildings. There is not enough space in some buildings to store information securely. In addition, some schools are going to find it difficult to spend on buying lockable cupboards or furniture in order to protect personal data that is kept on open shelves within offices where the public have access to them as is currently the case in some schools.

Clearance of documents that have passed their retention date needs to take place in a number of the schools. There is a risk that personal information is still held in some schools when the legal time period has elapsed which breaches data protection rules.

There is work to do with some of the schools to make sure that they have a process in place of only giving access to personal data to appropriate officers who need to access the information only. Currently, not all schools have a system where access to information is restricted to only appropriate officers, which can be a risk. This is more evident with paper records than electronic records– this is due to a lack of space to store information effectively within buildings.

The Schools Data Protection Officer has created a School Records Management Policy, and the School Information Security Policy also deals with this. The policies are in the process of being approved by the Senior Learning Service Management Team and being checked by relevant officers within the Council. Schools will need to formally adopt the policies and ensure that they comply with them and have appropriate processes in place.

## 24. Data Protection Training

In discussing training with schools during the visits, most secondary and primary school Headteachers have received initial *GDPR* training in May 2018. Some secondary school staff have also received training from law firm *Geldards* in July 2019. It is noted that some Headteachers had not received any data protection training up to the visiting period.

All school staff were supposed to have completed the mandatory *GDPR* online module on the E-Learning Portal during June / July 2018. It appeared from the HR list that a large number of school staff had not completed this module and therefore the Schools Data Protection Officer asks that all those who have not completed it do so as soon as possible, as this is training that everyone in the Council has to do.

Data protection training needs were also identified during the visits. It was evident that most staff had not received formal training further to the online module and that staff needed to have a better understanding of *GDPR* and data protection in general.

Following on from this, the Schools Data Protection Officer has offered to provide a training session that focuses on practical issues and good practice that will be of use to employees in their day-to-day work and provides them with guidance on what their responsibilities are under *GDPR*. Most schools had shown an interest in holding a session with some having asked to do an

individual session for the school and others wanting to do it as a catchment area. Between January 2020 and February 2020, 14 schools received a general training session. 4 of these were sessions for individual schools and the remainder were part of the 2 catchment sessions arranged. Other sessions had been arranged between January 2020 and June 2020 but these were cancelled due to illness, weather or COVID-19.

*GDPR* training sessions for governors had been included within the overall training timetable for governors for the school year. Governors have a responsibility to ensure that the school complies with *GDPR* and it is a good idea to have a *GDPR* Champion on the governing board. This means that governors need an understanding of *GDPR* and their responsibilities and what is expected of them in their role. Only one training session with governors was held during the school year (in November 2019) instead of four due to illness and COVID-19, with only two governors having received the training to date.

The School Data Protection Training Plan is in place. The plan has been affected by COVID-19, so it is to be updated to include general sessions with school staff that were supposed to take place as well as governor training sessions. The new plan will also include sessions around specific data protection themes for relevant staff (e.g. information risk management, managing records, handling breach cases, handling data subject access requests and managing risks). The plan will be based on sessions for a 12 month period. The training sessions will need to be available online and through technology rather than just face-to-face sessions.

## 25. Conclusions

- Day-to-day information management **practices** within schools are generally acceptable but the majority of schools with current key policies and documents have not been adopted and are in place as a number of these policies and documents were not created for schools prior to the appointment of the Schools Data Protection Officer. It is essential that current core policies and documents are adopted as soon as possible. COVID-19 has had an impact on the timetable for approving the key policies and documents but it is necessary to look to get these in place, in partnership with the schools, during the autumn term.
- There is a need to ensure that specific, effective and robust data protection processes are in place. This is in line with the key policies and documents. At present, there are no robust processes in place around handling breaches; handling data subject access requests; restricting access to personal information; the removal of personal data that has elapsed a retention period; managing data protection risks and creating Data Protection Impact Assessments for high risk processes.

- There is a need to ensure that schools have *ROPA* (including data flow maps) and an Information Asset Register in a place that are kept up to date.
- There is a need to ensure that schools have suitable and up-to-date Privacy Notices and that they are shared and are available to individuals and that data collection forms and consent forms include a summary of the Privacy Notice.
- There needs to be appropriate agreements in place with high level data processors and also with individual schools. The Schools Data Protection Officer will need to work with the schools to ensure that these are in place.
- The Schools Data Protection Officer needs to do more work with schools around the use of consent including reviewing the current forms.
- The training plan needs to be updated and schools ensure that all their staff have completed the online module.
- Work needs to be done to ensure that all school governing bodies are aware of their data protection responsibilities and how to ensure that schools comply. The school governing bodies will need to adopt the data protection policies on behalf of the schools and ask schools to demonstrate their compliance with these.

**The process of starting to have policies, processes and exercises in place to comply with data protection legislation has begun within the schools, but there is more work to be done to get all schools at the same level and operating consistently across the island.**

## **26. Next Steps**

The Schools Data Protection Officer has identified what pieces of work need to be done with the schools to ensure that they comply fully with data protection legislation and achieve what is expected of them as the Data Controller, who is ultimately responsible for ensuring that they process personal data legally. It is essential that schools understand their responsibilities and implications as the Data Controller and the legal expectations that come as a result. The Data Protection Officer is available to assist and facilitate this process and is available to provide advice and support to schools.

These are being proposed as next steps to ensure that all schools operate in accordance with requirements:

- For the policies, guidance, key documents and final templates to be formally approved by the Senior Learning Service Management Team, in partnership with schools, so that schools can formally adopt them in autumn 2020. All policies and documents will be available on the *GDPR* section of Addysg Môn so that everything in terms of current data protection

documents is available to schools in one place. The Schools Data Protection Officer has created the 'Anglesey Schools Data Protection Policy, Guidance and Key Documents Review Framework' document (ANNEX C) which provides an update on the status of the different documents that need to be adopted by schools (up to July 2020). **For schools to ensure that these policies have been formally adopted by the governing body and that they can demonstrate their compliance with the policies.**

- For the Schools Data Protection Officer to undertake work with schools to get *ROPA* (including data flow maps) and an Information Assets Register in place. To complete an Information Assets Register with a secondary school, and then share a primary and secondary template with the schools so that they can adapt it for their individual school.
- For the Schools Data Protection Officer to work with schools on adopting policies and creating processes for effectively handling data breaches and data subject access requests. To provide training with relevant staff so that schools can effectively handle breaches.
- For the Schools Data Protection Officer to complete the work of creating Privacy Notices and sharing them with the schools to adapt and adopt them. Also, to ensure that data collection forms and consent forms contain a summary of the Privacy Notice.
- For the Schools Data Protection Officer to work with schools to ensure that appropriate agreements are in place with high level data processors and also with individual schools. To start this work during the autumn term.
- For the Schools Data Protection Officer to undertake a piece of work and training sessions with schools around risk management and on how to complete Data Protection Impact Assessments. To review if Data Protection Impact Assessments have historically been undertaken for processing data that can be high risk and to work with schools to create any Data Protection Impact Assessments required. To start this work during the autumn term.
- For the Schools Data Protection Officer to review the current consent forms and to do more work with schools around consent and create a photo-taking policy for the purpose of school publicity.
- For the Schools Data Protection Officer to work with schools to ensure that they have processes around who has access to specific personal information and that information is kept securely within the schools. Also, to do work with some schools in terms of disposing of old documents that have passed their retention period.
- For the Schools Data Protection Officer to reorganise governors' data protection training sessions and complete the creation of the School Governing Body's Data Protection Guide. For governing bodies to ensure that members complete the training and are aware of their data protection responsibilities.

- For the Schools Data Protection Officer to update the general data protection training programme for school staff and governors. Also, to include more specific data protection training for relevant staff for the next 12 months e.g. to provide specific training around themes such as information risk management, records management and risk management. To look at providing training through technology such as *Microsoft Teams* or *Zoom* as well as sessions within the schools. For schools to ensure that relevant staff complete the training so that they understand their data protection responsibilities.
- For the Schools Data Protection Officer to prepare an annual data protection report from now on. The Senior Learning Service Management Team needs to confirm what will be included in the annual report but this is likely to be based on the number of breaches, the number of data subject requests, the number of data protection complaints, information around policies, a plan for next year, details of training and recommendations. It will also be based on pieces of work that the Schools Data Protection Officer will do in terms of monitoring schools' compliance with legislation, which will depend on looking for evidence of compliance by the schools.

APPENDIX A

**SCHOOLS INFORMATION GOVERNANCE HEALTH CHECK FOLLOW UP  
ACTION PLAN**

Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
1	A Schools DPO should be appointed at the earliest available opportunity – this role will provide the vital education support and guidance to the schools to address any current gaps in compliance to the new regulations Target date: 01/09/19	<b>H</b>	N/A	A Schools DPO commenced in post on the 19th August 2019.		Implemented August 2019.
2	If consent is deemed to be required there are a variety of self-sourced or adopted forms currently in use. Consider a single form, centrally owned with version control and electronically available. The DPO should also look to clarify when / why consent is required and in what circumstances.	<b>H</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO is visiting each individual school to gain a better understanding of what forms are currently in use.</p> <p>Following the review, she will create a uniform library of forms and make them available centrally by 17.07.20.</p> <p><u>Second Follow Up (April 2020)</u> Still work in progress and on track to be completed by 17.07.20.</p>	<b>C3</b>	<p style="text-align: center;"><u>June 2020</u> School visits completed. SDPO visited every primary and secondary school during October 2019 to February 2020. Better understanding gained of what forms are currently in use.</p> <p>A uniform library of forms has been created. Forms will be approved by the Learning Senior Management Team on 20.07.20.</p>

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Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
						Forms will not be available centrally by 17.07.20, but will be ready for September 2020. Approval of forms has been delayed due to COVID-19.
3	Consider extending Data Governance / GDPR training to School Governors.	L	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The governors' training programme includes specific training arranged for governors: 'Governing Body responsibilities to ensure compliance with GDPR'.</p> <p>The Learning Service has scheduled training sessions for governors to complete by the end of the current school year (July 2020).</p> <p><u>Second Follow Up (April 2020)</u> This is now delayed due to the Coronavirus. Session arranged for March was cancelled. Another session is due to take place in June, but will see if this can go ahead nearer the time.</p>	C4	<p><u>June 2020</u> The governors' training programme has been delayed due to COVID-19.</p> <p>Sessions arranged for March and June 2020 were cancelled as training sessions could not go ahead.</p> <p>To look at other ways of delivering the training e.g. via Zoom for the new school year (by January 2021).</p>
4	Training – mix of approaches adopted across all schools visited. Combined with the responses there would appear to be a training refresh need. This could be done using existing training material with the situational case studies to support	M	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO is assessing training needs for all school staff during visits to each individual school.</p>	C3	<p><u>June 2020</u> Training Plan in place since 24.01.20. Several training sessions have been held, but some have been cancelled due to</p>



Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
	more granular understanding especially around social media and CCTV policies.			<p>A training plan will be in place by 24 January 2020 that will schedule training sessions for the current school year.</p> <p><u>Second Follow Up (April 2020)</u>                      Training Plan in place since 24.01.20. Several training sessions have been held, but some have been cancelled due to SDPO illness and Coronavirus. These will need to be rescheduled. It may be impossible to complete all remaining training sessions before 17.07.20 depending on the Coronavirus situation.</p>		<p>SDPO illness and Coronavirus.</p> <p>Training sessions will need to be rescheduled. It is impossible to complete all remaining training sessions before 17.07.20 due to COVID-19.</p> <p>To look at other ways of delivering the training e.g. via Zoom/Microsoft Teams for the new school year for those training sessions that have not been held (by January 2021).</p>
5	The survey results ranged from annually to 3 years suggest (once appointed) the Schools DPO sets a standard policy review timetable / framework for review of data protection / data governance policies for increased clarity.	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u>                      Work in progress. Following gaining a better understanding of current data protection / data governance policies during the visits to each school, the Schools DPO will review all policies during Spring term 2020.</p> <p>The Schools DPO will establish a Standard Data Protection Policy Review Framework by 31 January 2020.</p> <p><u>Second Follow Up (April 2020)</u></p>	<b>C4</b>	<p><u>June 2020</u>                      School visits completed and a better understanding gained of what current data protection/data governance policies are in place.</p> <p>SDPO undertook a review of all policies following the visits and has created a</p>

Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
				<p>Standard Data Protection Policy Review Framework in place since 31.01.20.</p> <p>Schools Data Protection Policy in the process of being approved.</p> <p>Other policies in the process of being created.</p>		<p>Standard Data Protection Policy Review Framework which has been in place since 31.01.20. Dates of policy reviews have had to be pushed back due to COVID-19.</p>
6	<p>Scenario 1</p> <ol style="list-style-type: none"> <li>1. Reviewing consent form to ensure request for consent is lawful and needed.</li> <li>2. Retaining consent forms in line with retention periods as these forms would provide vital evidence in the event of an accident or other such incident.</li> </ol>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress (as in 2 above). The Schools DPO will review consent forms during January 2020. She will create a uniform library of forms and make available centrally by 17.07.20.</p> <p><u>Second Follow Up (April 2020)</u> Consent forms have been reviewed. Work is still in progress creating a uniform library of forms- still on track to be completed by 17.07.20.</p>	<b>C3</b>	<p><u>June 2020</u> Consent forms have been reviewed.</p> <p>A uniform library of forms has been created. Forms will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>Forms will not be available centrally by 17.07.20, but will be ready for September 2020. Approval of forms has been delayed due to COVID-19.</p>
7	<p>Scenario 2</p> <ol style="list-style-type: none"> <li>1. Reviewing CCTV usage policy and issuing standard</li> </ol>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO will review findings in February 2020 following her visits to</p>	<b>C3</b>	<p><u>June 2020</u> Findings of CCTV use has been gathered and included in the</p>

Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
	<p>wording as to who can access / view images.</p> <p>2. Ensuring a standard CCTV policy is in place for all schools (with CCTV in operation).</p> <p>3. CCTV signs to be visibly displayed in all schools with CCTV systems.</p>			<p>the schools, and will create a standard CCTV Policy by 17/07/20.</p> <p><u>Second Follow Up (April 2020)</u> Findings of CCTV use has been gathered and included in the reports following school visits (completed in February 2020).</p> <p>Work is still in progress in creating a standard CCTV Policy- still on track to be completed by 17.07.20.</p>		<p>reports following school visits (completed in February 2020).</p> <p>A standard CCTV Policy has been created and will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>The policy will not be available by 17.07.20, but will be ready for September 2020. Approval of policies has been delayed due to COVID-19.</p>
8	<p>Scenario 3</p> <p>1. Further training to be conducted or provided on social media / parents &amp; pupils responsibilities and potential consequences – legal / reputational.</p> <p>2. All schools to have a mandatory social media policy in place. Closed Facebook groups are in use and exist as a form of updating parents.</p>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO will create a standard Social Media Policy and arrange training around social media by 17.07.20.</p> <p><u>Second Follow Up (April 2020)</u> Still work in progress and on track to be completed by 17.07.20.</p>	<b>C3</b>	<p>June 2020 A standard Social Media Policy has been created and will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>The policy will not be available by 17.07.20, but will be ready for September 2020. Approval of policies</p>

Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
	3. All policies to have a review frequency in place – ranged from annually to 3 years.					has been delayed due to COVID-19.  Will look at other ways of delivering the training around social media e.g. via Zoom/Microsoft Teams for the new school year (by January 2021).
9	<p>Scenario 4</p> <ol style="list-style-type: none"> <li>1. For schools with CCTV in operation DPIA to be conducted.</li> <li>2. All schools to display CCTV signs / usage.</li> <li>3. CCTV policies to be updated and reflective of responsibilities and appropriate usage.</li> <li>4. Where there is no CCTV consider widening installations to encompass all schools estates for consistency in usage, application and policy – linked to safeguarding.</li> </ol>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO will support schools to complete Data Protection Impact Assessment (DPIA) and create a standard CCTV Policy by 17/07/20.</p> <p><u>Second Follow Up (April 2020)</u> Still work in progress and on track to be completed by 17.07.20.</p>	<b>C3</b>	<p><u>June 2020</u> A standard CCTV Policy has been created and will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>A Data Protection Impact Assessment (DPIA) Policy has been created and will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>SDPO will need to arrange to support schools to complete DPIA during the new school year. This will</p>

Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
						not be completed by 17.07.20.  The policies will not be available by 17.07.20, but will be ready for September 2020. Approval of policies has been delayed due to COVID-19.
10	<p>Scenario 5</p> <ol style="list-style-type: none"> <li>1. Advice given to schools on what can / cannot be viewed including advice on redaction of information.</li> <li>2. All schools to adopt a uniform response timeframe in line with GDPR timeframes / guidance.</li> <li>3. Check if Standard Access Request form exists – potential for e-form.</li> <li>4. Ensure schools are aware that incorrect information can be corrected if proved to be inaccurate.</li> </ol>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO will create guidance and a standard form around Data Subject Access Requests for schools to use following visiting schools. She will also create guidance around correcting inaccurate information by 21.02.20.</p> <p><u>Second Follow Up (April 2020)</u> Delayed. Work in progress- policy, guidance and standard form in the process of being created. Will be ready mid-April 2020.</p>	<b>C3</b>	<p><u>June 2020</u> Data Subject Access Request Policy, guidance and standard form created and correcting accurate information guidance created and will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>Policies, guidance and documents were not available for 21.02.20, but will be ready for September 2020.</p>
11	<p>Scenario 6</p> <ol style="list-style-type: none"> <li>1. All schools to review email policy and include a case study or the correct answer to this scenario as standard all</li> </ol>	<b>M</b>	N/A	<p><u>First Follow Up (October 2019)</u> Work in progress. The Schools DPO will create a standard E-mail Policy and guidance around data breaches by 21/02/20.</p>	<b>C3</b>	<p><u>June 2020</u> A standard E-mail Policy and guidance around Data Breaches have been created and</p>

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Ref	Risk / Issue	Risk Rating	Management Response	Follow Up Results	Revised Risk Rating	Status / Revised Completion Date
	<p>staff should be made aware of the escalation routes and breach recording timeframes.</p> <p>2. Ensure schools record corrective actions and evidence this should this event occur.</p>			<p><u>Second Follow Up (April 2020)</u>                      Delayed. Work in progress- E-mail Policy and guidance around data breaches are in the process of being created. Will be ready mid-April 2020.</p>		<p>will be approved by the Learning Senior Management Team on 20.07.20.</p> <p>Policy and guidance were not available by 21.02.20, but will be ready for September 2020.</p>

APPENDIX B

**School Data Protection Processes and Practices Evaluation Form**

**First Visit by the Schools Data Protection Officer**

<b>Details of Visit</b>	
<b>School</b>	
<b>Date</b>	
<b>Person met with and their role</b>	
<b>Name and details of individual responsible for data protection at the school</b>	

<b>1. Information Commissioner's Office (ICO) Registration</b>	
<b>1.1.</b>	<b>The school is registered with the Information Commissioner's Office- yes/no</b>
<b>1.2.</b>	<b>The school's registration number</b>
<b>1.3.</b>	<b>Registration renewal date</b>
<b>1.4.</b>	<b>Details of the Schools Data Protection Officer are on the registration- yes/no</b>

1.5.	Any actions to be taken	
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## 2. Schools Data Protection Officer

2.1.	The contact details of the Schools Data Protection Officer are on the school website- yes/no	
2.2.	Are the appropriate staff at the school aware that there is a Data Protection Officer in place- yes/no	
2.3.	Any actions to be taken	

## 3. Records of Processing Activities (ROPA)- Article 30 of GDPR

3.1.	The school is aware that a Records of Processing Activities is needed and has one in place- yes/no	
3.2.	Any actions to be taken	

## 4. Information Asset Register

4.1.	The school has completed an Information Asset Register documenting what personal data is	
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	<b>kept, from where it came, with whom it is shared and what is done with it- yes/no</b>	
<b>4.2.</b>	<b>The school has data flow maps- yes/no</b>	
<b>4.3.</b>	<b>Any actions to be taken</b>	

<b>5. Privacy Notice – Article 14 GDPR</b>		
<b>5.1.</b>	<b>The school has an up-to-date Privacy Notice explaining the purpose and legal basis for processing; that notes any third party that the school shares information with and any external processor- yes/no</b>	
<b>5.2.</b>	<b>The school has a Privacy Notice specifically for children if the school offers online services directly for children- yes/no</b>	
<b>5.3.</b>	<b>The Privacy Notice is on the school website- yes/no</b>	
<b>5.4.</b>	<b>There is a process in place to share the Privacy Notice if a verbal request is made- yes/no</b>	
<b>5.5.</b>	<b>The school has added a summary of the Privacy Notice to the data collection forms which are sent to parents/pupils- yes/no</b>	
<b>5.6.</b>	<b>Any actions to be taken</b>	

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<b>6. Data Protection Policy - Article 24(1) of GDPR</b>		
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6.1.	The school has adopted and is following a suitable Data Protection Policy- yes/no	
6.2.	The school monitors its compliance with the Data Protection Policy- yes/no	
6.3.	The Data Protection Policy is available on the school website- yes/no	
6.4.	There is a process in place to share the Data Protection Policy if a verbal request is made- yes/no	
6.5.	Does the school have any other policies pertaining to data protection- yes/no	
6.6.	Any actions to be taken	

<b>7. CCTV Policy - Article 29 of the Protection of Freedom Act 2012</b>		
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7.1.	The school has a CCTV Policy in place- yes/no	
7.2.	The CCTV Policy is on the school website- yes/no	

7.3.	There is a process in place to share the CCTV Policy if a verbal request is made- yes/no	
7.4.	The school has signs within all areas across the school that are monitored by CCTV that notify that there is CCTV in operation- yes/no	
7.5.	Any actions to be taken	

**8. Information Risk Management**

8.1.	The school has a process in place that manages information risks- yes/no	
8.2.	Any actions to be taken	

**9. Data Protection Impact Assessment- Article 35 of GDPR**

9.1.	The school is aware of when it must conduct a Data Protection Impact Assessment (new technology-systems/programmes/apps by any third party)- yes/no	
9.2.	The school is aware that the Schools Data Protection Officer can assist in completing a Data Protection Impact Assessment- yes/no	

9.3.	Any actions to be taken	
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<b>10. Data Processing Agreements- Article 28(3) of GDPR</b>		
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10.1.	The school is aware that a written contract is required and that a written contract is in place with each third party provider that processes personal data on behalf of the school- yes/no	
10.2.	Any actions to be taken	

<b>11. Systems, Programmes, Apps used by the School</b>		
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11.1.	The school has provided a list of all systems, programmes and apps used by the school that gather, share and process personal data- yes/no	
11.2.	Any actions to be taken	

<b>12. Process of Investigating, Notifying and Recording Data Breaches - Statement 87; Article 33(1) and Article 33(5) of GDPR</b>		
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12.1.	The school has effective processes to denote, report, manage, record and	
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	<b>solve any personal data breaches- yes/no</b>	
<b>12.2.</b>	<b>The school is aware that any data breaches must be reported to the Schools Data Protection Officer- yes/no</b>	
<b>12.3.</b>	<b>The school has a log for data breach incidents and has incident report forms on file- yes/no</b>	
<b>12.4.</b>	<b>Any actions to be taken</b>	

<b>13. Process to Deal with Data Subject Access Requests - Article 15 of GDPR</b>		
<b>13.1.</b>	<b>The school has an effective process that deals with any data subject access request received and can easily search for all records held on the individual- yes/no</b>	
<b>13.2.</b>	<b>The school is aware that the Information Commissioner’s Office expects schools to respond to data subject access requests within a month even if the request is made during school holidays- yes/no</b>	
<b>13.3.</b>	<b>Any actions to be taken</b>	

14. Maintaining Accurate and Up-to-date Personal Data		
14.1.	The school has processes to ensure that the personal data it retains continues to be accurate and up-to-date- yes/no	
14.2.	Any actions to be taken	

15. Rights in terms of GDPR		
15.1.	<p>The school is aware of individuals' different rights under GDPR and is aware that some of these aren't appropriate in the context of schools since some tasks and information must be statutorily retained but requests may be made around:</p> <ul style="list-style-type: none"> <li>• Right to Rectification (Article 16)</li> <li>• Right to Erasure (Article 17)</li> <li>• Right to Restriction of Processing (Article 18)</li> <li>• Right to Data Portability (Article 20)</li> <li>• Right to Object (Article 21)</li> <li>• Right to Object to Automated Processing, Including Profiling (Article 22)</li> </ul>	
15.2.	Any actions to be taken	

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**16. Records Management Policy - Section 46 Code of Practice (FOI Act 2000)**

16.1.	The school has a Record Management Policy in place- yes/no	
16.2.	Any actions to be taken	

**17. Consent – Consent and Data Collection Forms- Data Protection Act 2018 and Article 4 and 7 of GDPR**

17.1.	The school has consent forms for the processing of personal data which gives parents and pupils the option to 'opt in' (e.g. photos, trips)- yes/no	
17.2.	The school has systems to record and manage continuous consent and a specific timetable to do so- yes/no	
17.3.	The school has a method of managing and acting upon those who do not provide consent for different elements- yes/no	
17.4.	Any actions to be taken	

**18. Sharing Information Safely**

<b>18.1. The school uses a secure email address to send electronic personal data- yes/no</b>		
<b>18.1.</b>	<b>The school uses a secure email address to send electronic personal data- yes/no</b>	
<b>18.2.</b>	<b>Any actions to be taken</b>	

<b>19. Records Retention Schedule - Section 46 Code of Practice (FOI Act 2000)</b>		
<b>19.1.</b>	<b>The school is aware of and is complying with the Records Retention Schedule- yes/no</b>	
<b>19.2.</b>	<b>Any actions to be taken</b>	

<b>20. Processes and Arrangements for Deleting and Discarding Personal Data</b>		
<b>20.1.</b>	<b>The school has a process of securely discarding personal data that is no longer required- yes/no</b>	
<b>20.2.</b>	<b>The school is aware of the principle of not retaining personal data for longer than required but that some documents are to be retained for specific periods in line with the Record Retention Schedule- yes/no</b>	
<b>20.3.</b>	<b>The school has suitable methods of discarding paper documents (e.g.</b>	



	<b>confidential waste bin, shredder)- yes/no</b>	
<b>20.4.</b>	<b>Any actions to be taken</b>	

<b>21. Personal Data Storage - Section 46 Code of Practice (FOI Act 2000)</b>		
<b>21.1.</b>	<b>The school can list where personal data is stored (including paper and electronic records) and the safety processes that are in place- yes/no</b>	
<b>21.2.</b>	<b>The school has a process in place to lock paper records away and for only the appropriate officers to have access to them- yes/no</b>	
<b>21.3.</b>	<b>The school has a process in place to ensure that electronic records are stored in a safe place and that there is a process in place so that only the appropriate staff are able to access them- yes/no</b>	
<b>21.4.</b>	<b>The school has a process in place regarding using devices such as memory sticks- yes/no</b>	
<b>21.5.</b>	<b>The school is aware to not use e-mail accounts as means to store information and that emails must be deleted/filed appropriately- yes/no</b>	
<b>21.6.</b>	<b>The school is aware not to place personal data up on noticeboards</b>	

	<b>unless there is a legal basis to do so (e.g. notification of a food allergy or medical condition)- yes/no</b>	
<b>21.7.</b>	<b>The school has a process in place to ensure that staff don't take photos or record pupils on personal devices- yes/no</b>	
<b>21.8.</b>	<b>Any actions to be taken</b>	

**22. Data Protection Training – Article 5(2) of GDPR**

<b>22.1.</b>	<b>Who at the school has completed data protection awareness training</b>	
<b>22.2.</b>	<b>Who at the school requires training/further training?</b>	
<b>22.3.</b>	<b>Does the school have a process in place of recording who has completed training- yes/no</b>	
<b>22.4.</b>	<b>Any actions to be taken</b>	

**23. Main Risks Identified**

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<b>24. Any Additional Comments, Suggestions and Requests by the School</b>

<b>Headteacher's Signature</b>	
<b>Date</b>	
<b>Schools Data Protection Officer's Signature</b>	
<b>Date</b>	

APPENDIX C

**Anglesey Schools Data Protection Policy, Guidance and Key Documents Review Framework**

No.	Policy, Guide, Key Document	Progress Update	Review Timetable
1	Schools Data Protection Policy (review current policy)	Policy discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the policy to be ready for adoption by the schools in <b>Autumn 2020</b> . Original adoption date pushed back due to COVID-19.	Annually- review <b>July 2021</b> for Autumn term 2021.
2	School Data Breach Pack: 1. Schools Data Breach Policy 2. Schools Data Breach Guidance 3. Schools Data Breach Investigation Form 4. Schools Data Breach Report to the School Governing Body 5. Schools Data Breach Log	Pack discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.	Every 2 years- <b>review July 2022</b> for the Autumn term 2022.
3	Gwynedd and Anglesey Procedure for Sharing Information with United Kingdom Police Authorities	Procedure approved by the Senior Learning Team on 20.07.20. Procedure ready for adoption by schools <b>Autumn term 2020</b> . Original adoption date pushed back due to COVID-19.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
4	School Retention Schedule (current version 2018)	The Senior Learning Team confirmed on 20.07.20 to stick to the current version and review it as part of regional work. This version was re-shared with all schools on 23.07.20.	As necessary (depending on national guidance)

5	<p>School Privacy Notice:</p> <ol style="list-style-type: none"> <li>1. Primary Schools</li> <li>2. Secondary Schools</li> <li>3. School Workforce</li> <li>4. <b>Children and Young People's Version</b></li> </ol>	<p>Pack discussed with the Senior Learning Team on 20.07.20. Need to create a children and young people's version for primary and secondary schools. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.</p>	<p>As necessary (when there is any change)</p>
6	<p>Schools Information Security Pack:</p> <ol style="list-style-type: none"> <li>1. Schools Information Security Policy</li> <li>2. Schools Information Security Investigation Form</li> </ol>	<p>Pack discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020.</p>	<p>Every 2 years- <b>review July 2022</b> for the Autumn term 2022.</p>
7	<p>Schools Data Subject Access Request Pack:</p> <ol style="list-style-type: none"> <li>1. Schools Data Subject Access Request Policy</li> <li>2. Schools Data Subject Access Request Form</li> <li>3. Schools Data Subject Access Request Acknowledgment Letter Template</li> <li>4. Schools Data Subject Access Request Extension Letter Template</li> <li>5. Schools Data Subject Access Request Response Letter Template</li> </ol>	<p>Pack discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.</p>	<p>Every 3 years- <b>review July 2023</b> for Autumn term 2023.</p>
8	<p>School Staff E-mail Policy</p>	<p>Policy discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the policy to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.</p>	<p>Every 2 years- <b>review July 2022</b> for the Autumn term 2022.</p>

9	Schools Data Protection Impact Assessment Pack: 1. Schools Data Protection Impact Assessment Policy 2. Schools Data Protection Risk Register 3. Schools Data Protection Risk Matrix 4. Data Protection Impact Assessment Template 5. Data Protection Impact Assessment Screening Checklist	Pack discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
10	Schools CCTV System Package: 1. School CCTV Policy (review of current policy) 2. School CCTV System Log	Pack discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the pack to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
11	Schools Records Management Policy	Policy discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the policy to be ready for adoption by the schools in Autumn 2020.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
12	School Staff Social Media Policy	Policy discussed with the Senior Learning Team on 20.07.20. Need to confirm elements with relevant Council officers. Aim for the policy to be ready for adoption by the schools in Autumn 2020. Original adoption date pushed back due to COVID-19.	Every 2 years- <b>review July 2022</b> for the Autumn term 2022.
13	Schools Records of Processing Activities Pack (ROPA):	Senior Learning Team confirmed on 20.07.20 to approve the package. Work needs to be done with one primary school and one secondary school on completing the template. To be used as a template to	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.

	<ol style="list-style-type: none"> <li>1. Schools Records of Processing Activities Guide (ROPA)</li> <li>2. Schools Records of Processing Activities Template (ROPA)</li> </ol>	be adapted as required by all schools during the <b>Autumn 2020 term.</b>	
14	Schools Information Assets Register Template	The Senior Learning Team confirmed on 20.07.20 to continue to use the current version as a template. Work has already been done with one primary school on completing the register. This also needs to be done with one secondary school. To be used as a template to be adapted as required by all schools during the <b>Autumn term 2020.</b>	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
15	Schools Data Protection Bilingual Glossary of Terms, Definitions and Legislation	Need to complete the document and share it with all schools during the <b>Autumn term 2020.</b>	As necessary (when there is any change).
16	Consent Form Pack: <ol style="list-style-type: none"> <li>1. Parental Consent Form</li> <li>2. Biometric Systems Use Consent Form</li> </ol>	Need to complete the pack and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools in Autumn 2020.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
17	Photo-taking Policy for the purpose of School Publicity	Need to complete the policy and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools in Autumn 2020.	Every 3 years- <b>review July 2023</b> for the Autumn term 2023.
18	School Governing Body Data Protection Guide	Need to complete the guidance and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools in Autumn 2020.	Every 2 years- <b>review July 2022</b> for the Autumn term 2022.

19	Schools Personal Data Classification Policy	Need to complete the policy and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools <b>in Spring term 2021</b> .	Every 2 years- <b>review</b> <b>November 2022</b> for Spring 2023 term.
20	Schools Information Risk Policy	Need to complete the policy and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools in <b>Spring term 2021</b> .	Every 3 years- <b>review</b> <b>November 2023</b> for Spring term 2024.
21	Schools Personal Data Processing Policy	Need to complete the policy and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it in to be ready for adoption by the schools in <b>Spring term 2021</b> .	Every 3 years- <b>review</b> <b>November 2023</b> for Spring term 2024.
22	School Special Category Personal Data Processing Policy	Need to complete the policy and then share it with the Senior Learning Team, relevant Council officers and schools, in order to approve it to be ready for adoption by the schools <b>in Spring term 2021</b> .	Every 3 years- <b>review</b> <b>November 2023</b> for Spring term 2024.



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>REPORT TO:</b>	<b>AUDIT COMMITTEE</b>
<b>DATE:</b>	<b>1 DECEMBER 2020</b>
<b>SUBJECT:</b>	<b>TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2020/21</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR ROBIN WILLIAMS</b>
<b>HEAD OF SERVICE:</b>	<b>MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) &amp; SECTION 151 OFFICER</b>
<b>REPORT AUTHOR:</b>	<b>JEMMA ROBINSON</b>
<b>E-MAIL:</b>	JemmaRobinson@ynysmon.gov.uk
<b>LOCAL MEMBERS:</b>	n/a

## 1. Background

### 1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. As from 2020/21, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

A report setting out our Capital Strategy was taken to the Executive Committee on 2 March 2020, and a revised Strategy for 2021/22 will be taken to the full Council before 31 March 2021.

### 1.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially, the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and, on occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:-

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

## 2. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:-

- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.
- (iii) Receipt by the full Council of an Annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report (this report) and an Annual Report, covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, the delegated body is the Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:-

- An economic update for the first half of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

### 3. Economic Update

- 3.1 The Council's treasury advisers provided an economic update and can be found in Appendix 1. They have also recently provided the following interest rate forecast:-

	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Bank Rate (%)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB rate (%)	1.80%	1.80%	1.80%	1.80%	1.80%	1.90%	1.90%	1.90%	1.90%	1.90%
10yr PWLB rate (%)	2.10%	2.10%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%
25yr PWLB rate (%)	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%	2.70%	2.70%	2.70%	2.70%
50yr PWLB rate (%)	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%

- 3.2 The Council's treasury advisers recently provided a commentary alongside the interest rate forecast above. This commentary can be found in Appendix 2.

### 4. Treasury Management Strategy Statement and Annual Investment Strategy Update

- 4.1 The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the full Council on 10 March 2020. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

## **5. Annual Investment Strategy**

- 5.1** In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions. As shown by the interest rate forecasts in section 3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31 March 2023, investment returns are expected to remain low.
- 5.2** While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.
- 5.3** Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.
- 5.4** The Council held £42.224m of investments as at 30 September 2020 (£20.208m at 31 March 2020) and the investment portfolio yield for the first six months of the year was 0.07%. A full list of investments as at 30 September 2020 can be found in Appendix 3. A summary of the investments and rates can be found in Appendix 4.
- 5.5** Due to the large sums of grants received from Welsh Government to help deal with the Covid crisis and the availability of call accounts to the Council, this has resulted in the Council holding balances in call accounts over and above the limits approved within the Annual Investment Strategy included in the TMSS 2020/21. When producing the TMSS 2020/21, these unprecedented times could not be foreseen. In light of this, counterparty limits will be assessed and reviewed when producing the TMSS for 2021/22.
- 5.6** The Council's budgeted investment return for the whole of 2020/21 is £0.053m and performance for the year to date is in line with the budget, with £0.027m received to the end of Quarter 2. However, our projection to year end is that we will underachieve the budget by approximately £0.011m. Although our cash balances have been higher than normal, this is offset by the lower than anticipated interest rates.
- 5.7** The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 5.8** The approved countries for investments can be seen in Appendix 5.
- 5.9** The table below shows a list of investments made to other Local Authorities during the first half of this financial year. Given that security of funds is the key indicator of this Council, other Local Authorities is seen as the most secure way of investing funds, and this gives a greater rate of return than most bank call accounts.

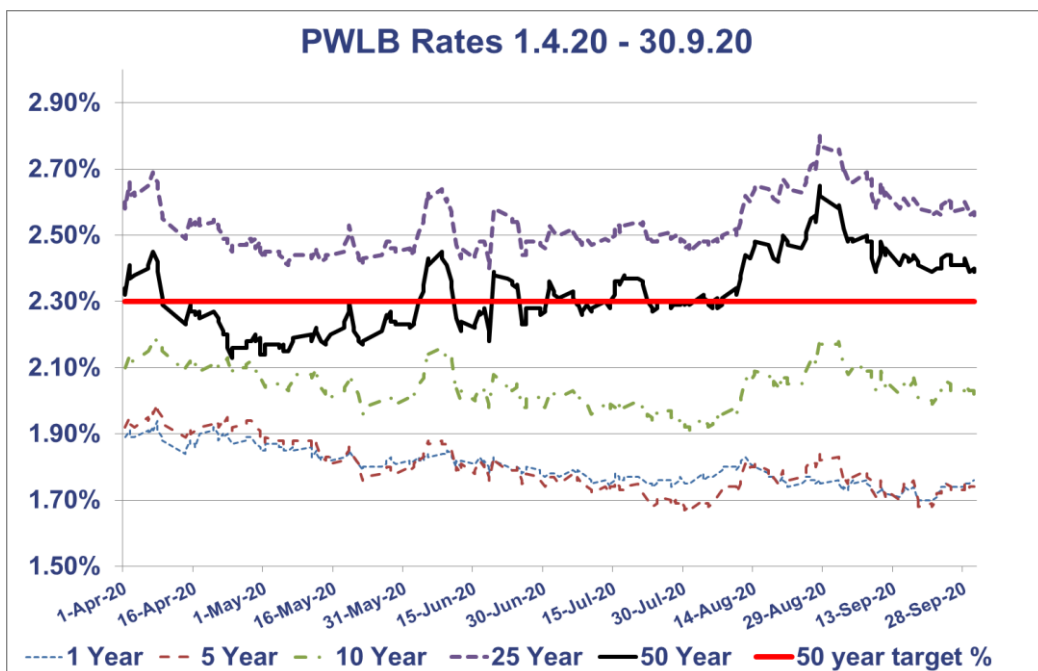
Local Authority	Start Date	End Date	Interest Rate %	Amount £
Blackpool Borough Council	30/07/2020	23/10/2020	0.15	5,000,000
Thurrock Council	11/09/2020	11/01/2021	0.15	5,000,000
Dudley Metropolitan Borough Council	25/09/2020	23/12/2020	0.15	3,500,000

## 6. Borrowing

**6.1** The projected capital financing requirement (CFR) for 2020/21 is £140.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has projected year end borrowings of £128.9m and will have used £11.7m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate, but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

**6.2** No borrowing was undertaken during the first half of this financial year, and it is anticipated that borrowing will be undertaken during the second half of the financial year. There will be a borrowing requirement to fund a part of the 2020/21 capital programme and this will be through internal borrowing (drawing down cash balances) and external borrowing. External borrowing is in relation to funding the capital cost of new vehicles as per the conditions of the waste contract awarded to Biffa. This is anticipated to be £4.449m and is subject to Executive approval on 30 November 2020. In addition, the effect of coronavirus on the capital programme objectives are being assessed. Therefore, our borrowing strategy will be reviewed and then revised in order to achieve optimum value and risk exposure in the long-term.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. PWLB rates varied within a relatively narrow range between April and July but the longer end of the curve rose during August. This increase came in two periods: the first in the second week of the month was on the back of hopes for fresh US stimulus. This saw investors switch monies out of government bonds and into equities. The second shift higher at the longer end of the curve came in the latter stages of the month as investors reacted to the announcement of the tweak to the Fed's inflation target. Despite moves further out in the yield curve, the short end remained anchored on the basis of no fundamental change to the interest rate outlook. The 50-year PWLB target rate for new long-term borrowing was unchanged at 2.30%.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

**6.3** Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has, therefore, been undertaken to date in the current financial year.

## 7. The Council's Capital Position (Prudential Indicators)

**7.1** This part of the report is structured to update:-

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

### 7.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure in comparison to the capital budget:-

Capital Expenditure	2020/21 Original Estimate	Position as at 30 September 2020	2020/21 Current Estimate
	£'000	£'000	£'000
Council Fund	30,434	7,791	20,967
HRA	19,032	3,680	12,788
<b>Total</b>	<b>49,466</b>	<b>11,471</b>	<b>33,755</b>

**7.2.1** The projected expenditure shows that the majority of projects are on target to be completed within budget but the main project that is forecast to be underspent is the 21st Century Schools Programme, along with HRA forecasting a significant underspend. This is reflected in the above table. A full breakdown on the planned capital expenditure for 2020/21 is provided in the Capital Budget Monitoring Report Q2, presented to the Executive on 30 November 2020.

### 7.3 Changes to the Financing of the Capital Programme

**7.3.1** There are some changes to the financing of the capital programme, as can be seen in the table below. The main reason for the change is as noted in paragraph 7.2.1, as there will be significant underspend in capital schemes in 2020/21 (21<sup>st</sup> Century Schools Programme and HRA). However, these schemes will slip into 2021/22, along with their funding, and it is not anticipated, at this point, that any funding will be lost due to the delays.

**7.3.2** The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original funding of the capital programme, and the expected funding arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

<b>Capital Financing</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Revised Estimate £'000</b>
Capital Grants	20,769	15,070
Capital Receipts	793	782
Reserves	619	487
Revenue Contribution	16,133	10,152
Supported Borrowing	7,955	5,727
Unsupported Borrowing	1,796	136
Loan	1,401	1,401
<b>Total</b>	<b>49,466</b>	<b>33,755</b>

#### 7.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

7.4.1 Tables 7.4.2 and 7.4.3 below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary, which is set annually by the Council as part of the Treasury Management Strategy Statement.

##### 7.4.2 Prudential Indicator – the Operational Boundary for external debt

	<b>2020/21 Operational Boundary as per TMSS 2019/20  £'000</b>	<b>2020/21 Opening Borrowing Position  £'000</b>	<b>Amount Within the Boundary  £'000</b>	<b>2020/21 Estimated Borrowing Position  £'000</b>	<b>Amount Within the Boundary  £'000</b>
<b><i>Prudential Indicator – External Debt/ The Operational Boundary</i></b>					
Borrowing	189,000	139,232	49,768	128,924	60,076
Other long term liabilities	3,000	0	3,000	0	3,000
<b>Total Debt 31 March</b>	<b>192,000</b>	<b>139,232</b>	<b>52,768</b>	<b>128,924</b>	<b>63,076</b>

##### 7.4.3 Prudential Indicator – Capital Financing Requirement (CFR)

7.4.3.1 We are currently slightly below the original forecast for Capital Financing Requirement due to the forecast underspend in borrowing, mainly down to the 21<sup>st</sup> Century Schools Programme.

	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Revised Estimate £'000</b>
<b><i>Prudential Indicator – Capital Financing Requirement</i></b>		
CFR – Council Fund	108,536	101,469
CFR – HRA	39,449	39,198
Total CFR	147,985	140,667
<b>Net movement in CFR</b>	<b>5,951<sup>1</sup></b>	<b>3,763<sup>2</sup></b>

<sup>1</sup> Movement between 2019/20 estimate and 2020/21 estimate in TMSS 2020/21

<sup>2</sup> Movement between 2019/20 actual (per Statement of Accounts 2019/20) and 2020/21 revised estimate

<b>Original CFR Forecast</b>	<b>147,985</b>
Reduced MRP between TMSS 2020/21 forecast and Capital Q2 2020/21 revised forecast	154
Underspend in Unsupported Borrowing for HRA in 2020/21	-250
Underspend on loan (difference between TMSS 2020/21 forecast and Capital Q2 revised forecast)	-3
Underspend in Unsupported Borrowing in 2019/20 and 2020/21 due to the delay in the progress of the 21 <sup>st</sup> Century Schools programme	-4,105
Underspend in Supported Borrowing in 2019/20 due to additional grant received in 2019/20 as substitute funding which reduced the need for Supported Borrowing	-3,114
<b>Revised CFR Forecast</b>	<b>140,667</b>

## 7.5 Limits to Borrowing Activity

**7.5.1** The first key control over the treasury activity is a prudential indicator to ensure that, over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent. The current borrowing position is £135.650m, which is below the CFR forecast for this and the next two financial years (see table below), therefore, this indicator has not been breached.

	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>CFR (year-end forecast)</b>	<b>140,667</b>	<b>163,266</b>	<b>168,970</b>

	<b>2020/21 Original Estimate £'000</b>	<b>Current Position at 30 September 2020 £'000</b>	<b>2020/21 Revised Estimate £'000</b>
External Borrowing	139,232	135,650	128,924
Internal Borrowing	8,753	5,017	11,743
Plus other long term liabilities	0	0	0
<b>CFR (year-end position)</b>	<b>147,985</b>	<b>140,667</b>	<b>140,667</b>

**7.5.2** It is not envisaged that there will be any difficulties for the current year in complying with this prudential indicator.

- 7.5.3** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members, currently £183m. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.

<b>Authorised Limit for External Debt</b>	<b>2020/21 Original Indicator</b>	<b>Current Borrowing Position as at 30 September 2020</b>	<b>Estimated Borrowing Position as at 31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	178,000	135,650	128,924
Other long term liabilities	5,000	0	0
<b>Total</b>	<b>183,000</b>	<b>135,650</b>	<b>128,924</b>

## **8. Compliance with Treasury and Prudential Limits**

- 8.1** It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020/21. No difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in compliance with the Council's Treasury Management Practices, however, please refer to paragraph 5.5 for explanation regarding deviation from approved investment limits.

## **9. Recommendation**

- 9.1** To consider the content of the report and forward any comments onto the Executive.



## Diweddariad ar yr Economi hyd yma a'r rhagolygon / Economic Update & Forecasts

As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6<sup>th</sup> August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

- The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
- The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
- It forecast that there would be excess demand in the economy by Q3 2022 causing **CPI inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.

The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.

In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1<sup>st</sup> November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.

Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.

There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

The **Financial Policy Committee** (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

**US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

**EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

**China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

**Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.

**World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.



## Sylwadau ar y rhagolygon diweddaraf ar raddfeydd llog / Commentary on the latest interest rates forecasts

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6<sup>th</sup> August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31<sup>st</sup> March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

**GILT YIELDS / PWLB RATES.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30<sup>th</sup> September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9<sup>th</sup> October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11<sup>th</sup> March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4<sup>th</sup> June, but that date was subsequently put back to 31<sup>st</sup> July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11<sup>th</sup> March 2020 in margins over gilt yields, the current situation is as follows:-

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)

- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unworkable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.

- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations.

#### **Upside risks to current forecasts for UK gilt yields and PWLB rates**

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

*Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services*

**Crynodeb Benthycyca a Buddsoddi – Chwarteroedd 1 a 2 2020/21**  
**Borrowing and Investment Summary – Quarters 1 and 2 2020/21**

	30 Medi / Sept 2020		30 Mehefin / June 2020	
	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)
Benthycyca – graddfa sefydlog Borrowing – fixed rate				
BBGC / PWLB	132.9	4.24	132.9	4.24
Dim BBGC / Non-PWLB	2.7	0	2.7	0
Benthycyca – graddfa amrywiol Borrowing – variable rate	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Adneuon – galw hyd at 30 diwrnod Deposits – Call to 30 days	28.7	0.03	44.6	0.02
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	13.5	0.15	Dim / Nil	d/b / n/a
Adneuon – Tymor sefydlog 1 bl. + Deposits – Fixed Term 1 year +	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Cyfanswm Adneuon Total Deposits	44.2	0.07	44.6	0.02
Adneuon Uchaf yn y Chwarter Highest Deposits in the Quarter	51.6	d/b / n/a	56.9	d/b / n/a
Adneuon Isaf yn y Chwarter Lowest Deposits in the Quarter	42.2	d/b / n/a	37.2	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	48.2	0.04	48.0	0.18

ATODIAD / APPENDIX 4

**Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 30 Medi 2020\***  
**Credit ratings of investment counterparties and deposits held with each as at 30 September 2020\***

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 Long Term Rating	Graddfa Tymor Byr Standard & Poor's Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	7.207	Galw/ Call	n/a	0.00	A+	F1	Aa3	P-1	A+	A-1	Oren – 12 mis / Orange -12 months
Santander Group plc	Santander UK plc	7.490	Galw/ Call	n/a	0.12	A+	F1	Aa3	P-1	A	A-1	Coch – 6 mis / Red - 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc (Rhan / Gwladoli / Part / Nationalised)	0.002	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
The Royal Bank of Scotland Group plc	National Westminster Bank Deposit	14.025	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
Cyngor Bwrdeistref Blackpool Borough Council	Cyngor Bwrdeistref Blackpool Borough Council	5.000	Sefydlog/ Fixed	30/07/20 - 23/10/20	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyngor Thurrock Council	Cyngor Thurrock Council	5.000	Sefydlog/ Fixed	11/09/20 – 11/01/21	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyngor Bwrdeistref Metropolitan Dudley Metropolitan Borough Council	Cyngor Bwrdeistref Metropolitan Dudley Metropolitan Borough Council	3.500	Sefydlog/ Fixed	25/09/20 – 23/12/20	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* Ceir y Rhestr Benthycy Cymeradwyedig yn Atodiad 8 o'r Datganiad Strategaeth Rheoli Trysorlys 2020/21/Strategaeth Buddsoddi Blynnyddol/The Approved Lending List can be found at Appendix 8 of the 2020/21 Treasury Management Strategy Statement / Annual Investment Strategy

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



**Gwledydd cymeradwy ar gyfer buddsoddi**  
**Approved countries for investments**

*Yn seiliedig ar y gyfradd credyd sofran isaf sydd ar gael*  
*Based upon lowest available sovereign credit rating*

AAA

- Awstralia / Australia
- Denmarc / Denmark
- Yr Almaen / Germany
- Lwcsembwrg / Luxembourg
- Yr Iseldiroedd / Netherlands
- Norwy / Norway
- Singapôr / Singapore
- Sweden / Sweden
- Y Swistir / Switzerland

AA+

- Canada
- Y Ffindir / Finland
- U.D.A. / U.S.A.

AA

- Abu Dhabi (UAE)
- Frainc / France

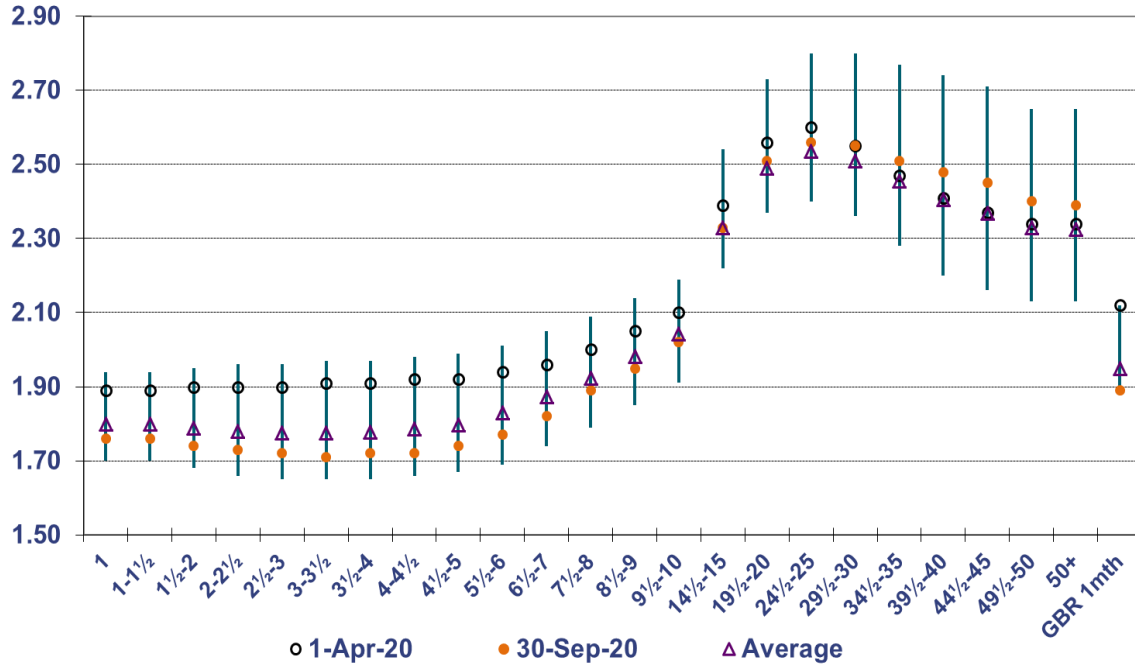
AA-

- Gwlad Belg / Belgium
- Hong Kong
- Qatar
- D.U. / U.K.

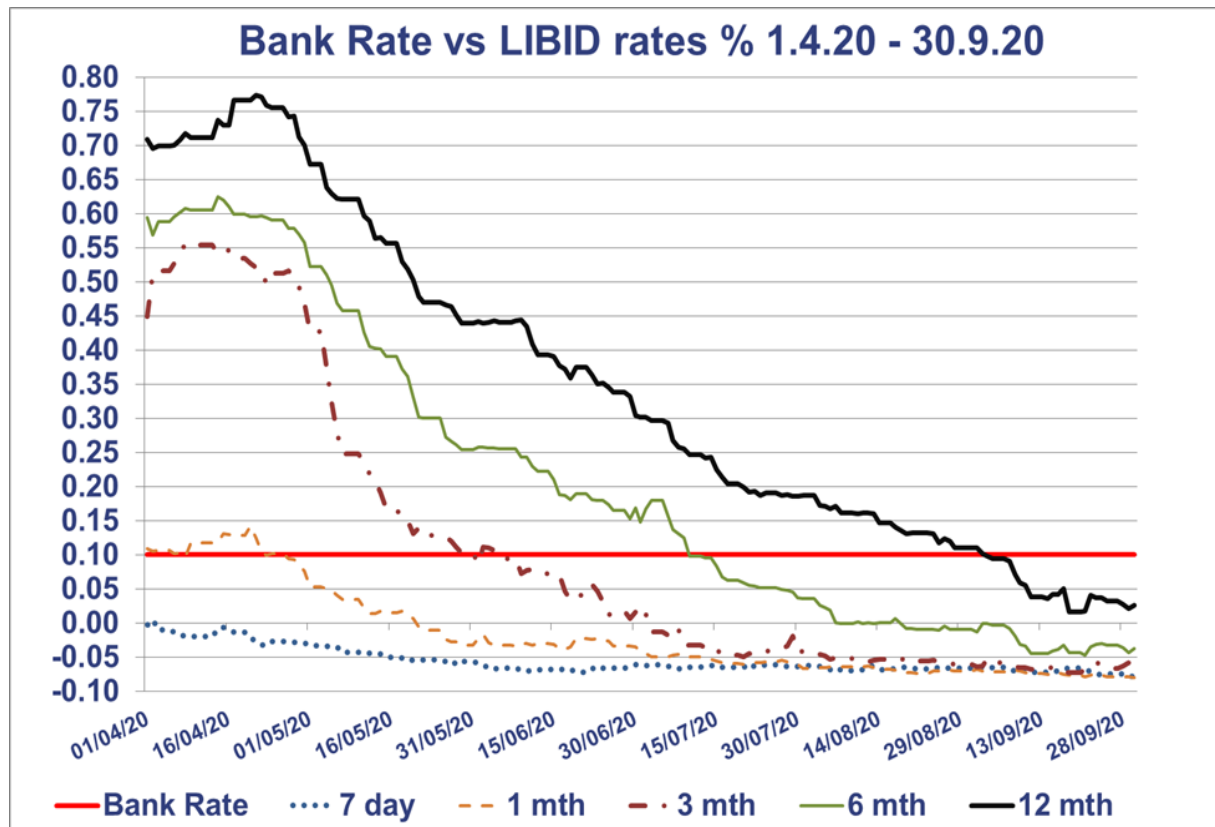
Graffiau Ychwanegol / Additional Graphs

Cymhariaeth o baramedrau benthyca â benthyca allanol gwirioneddol / Comparison of borrowing parameters to actual external borrowing

PWLB Certainty Rate Variations 1.4.20 to 30.9.2020



Bank Rate vs LIBID rates % 1.4.20 - 30.9.20



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Chief Executives of:  
 Flintshire County Council  
 Gwynedd Council  
 Isle of Anglesey Council  
 Wrexham County Borough Council  
 Betsi Cadwaladr University Health Board

**Reference:** AC/212/caf

**Date issued:** 30 September 2020

Dear Annwen

### North Wales regional pooled fund in relation to care home places for older people

My staff contacted you on the 30th July 2020 inviting comments on extracts from local reports to Conwy and Denbighshire councils which contained some references to your organisation. The responses we received were helpful and we have now finalised the reports. Copies of these final reports are attached.

Whilst these reports look primarily at local arrangements in Conwy and Denbighshire, they also raise some specific concerns about the North Wales regional pooled fund in relation to care home places for older people. As you know, this regional pooled fund is a partnership between all six North Wales councils and Betsi Cadwaladr University Health Board.

We found that, in practice, the North Wales pooled fund is no more than a transfer of funds back and forth between the pooled fund host and its contributors. We concluded that the pooled fund does not offer value for money and does not deliver any of the intended benefits of a pooled fund.

In respect of the pooled budget arrangement we proposed to both councils that they **should engage with partners to review the current pooled budget arrangement for residential care for older people, to ensure that transfers of funds between public bodies have a tangible benefit such as better more integrated commissioning of residential and nursing home care.**

I feel it important to draw this to your attention as Conwy and Denbighshire councils cannot action this proposal for improvement alone. This proposal is applicable to all partners contributing to the pooled fund and as such all partners need to play their part in driving improvement.

I have also written to Welsh Government seeking assurance from them over the actions they intend to take to better support delivery of pooled funds in Wales.

As part of our ongoing activities we intend to monitor how North Wales councils, the Health Board and Welsh Government address our concerns about the pooled fund.

If you wish to discuss any aspect of this work, please contact Jeremy Evans or Andrew Doughton

Yours sincerely



**ADRIAN CROMPTON**  
**Auditor General for Wales**

cc: Iwan Davies, Chief Executive, Conwy County Borough Council  
Judith Greenhalgh, Chief Executive, Denbighshire County Council  
Albert Heaney, Director - Social Services and Integration, Welsh Government

Huw Rees, Dave Thomas, Directors, Audit Wales  
Jeremy Evans, Audit Manager, Audit Wales  
Andrew Doughton, Audit Lead, Audit Wales

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Dr Andrew Goodall CBE  
Director General – Health and  
Social Services Group/Chief Executive  
NHS Wales.  
Welsh Government

**Reference:** AC/211/caf

**Date issued:** 30 September 2020

Dear Andrew

### Regional pooled funds in relation to care home places for older people

My staff have recently completed two reviews looking at residential and nursing care in North Wales, specifically in Conwy County Borough Council and Denbighshire County Council. As part of this work my team spoke with Welsh Government officials in your Social Services and Integration Directorate to inform the work, and again during the clearance of the reports. Copies of these reports are attached.

Whilst these reports look primarily at local arrangements, they also raise some specific concerns about the North Wales regional pooled fund in relation to care home places for older people. This regional pooled fund is a partnership between all six North Wales councils and Betsi Cadwaladr University Health Board.

We found that whilst funding from the relevant organisations is initially deposited into a pooled fund administered by Denbighshire County Council, each contributor gets their funding returned to them 24 hours later. From speaking to Welsh Government officials, we understand that this meets the minimal technical requirements under the Social Services and Well-being (Wales) Act 2014. However, for obvious reasons we have concluded that this neither offers value for money, nor any of the intended benefits of a pooled fund.

Whilst Audit Wales has not tested the arrangements in other regions, we understand they are of a similar nature. This may have been picked up in your review of the implementation of pooled budgets as part of the Pooled Budgets Evaluation Framework, which we understand is due to report shortly.

I wish to highlight this matter with you because it raises some significant concerns around the practical application of pooled budgets for care home provision in North Wales, and potentially more widely in Wales. What we have observed in North Wales appears to fall some way short of the wider benefits of pooled budgets envisaged through the Social Services and Well-being Act (Wales) 2014.

In that regard I would welcome an indication of the actions the Welsh Government plans to take to address these concerns and any specific recommendations that have arisen from work undertaken as part of the Pooled Budget Evaluation Framework.

The sums of public money involved in these arrangements across Wales will amount to several hundred million pounds. You will therefore appreciate that I am looking for some assurance that the necessary arrangements are in place to allow the Welsh Government to deliver its ambition for these pooled funds in ways that represent value for money and deliver the intended benefits for the end service user.

I look forward to receiving your response.

Yours sincerely



**ADRIAN CROMPTON**  
**Auditor General for Wales**

cc: Albert Heaney, Director - Social Services and Integration, Welsh government  
Local Authority and Health Board Chief Executives



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

## AUDIT & GOVERNANCE COMMITTEE

### FORWARD WORK PROGRAMME

1 December 2020

Contact Officer:	Marion Pryor, Head of Internal Audit & Risk
E-Mail:	<a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
Telephone:	01248 756211

No.	Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
1	February 2021	Internal Audit Strategy 2021/22	The Public Sector Internal Audit Standards (2017) requires the chief audit executive to present the Internal Audit Strategy to the Audit and Governance Committee for approval.	Head of Internal Audit & Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
2	February 2021	Internal Audit Charter	The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Charter, which the Audit and Governance Committee must approve.	Head of Internal Audit & Risk <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>
3	February 2021	Treasury Management Strategy 2021/22 and Actual Prudential Indicators for 2021/22	CIPFA's Treasury Management Practice Reporting requirements and management information arrangements recommend that local authorities should, as a minimum, report annually on their treasury management strategy and plan, before the start of the year.  The report will cover the actual Prudential Indicators for 2021/22 in accordance with the requirements of the Prudential Code.	Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
4	April 2021	Annual Report of the Audit & Governance Committee – Chair's Report	The Committee are asked to approve the Chair's Report for submission to full Council	Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>



No.	Date	Subject	Reason for reporting	Responsible Officer (including e-mail address)
5	April 2021	Internal Audit Annual Report 2020/21	<p>The Public Sector Internal Audit Standards requires the chief audit executive to deliver an annual internal audit opinion and report that the Council can use to inform its annual governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.</p> <p>The Committee is asked to note the assurance provided by the Head of Internal Audit &amp; Risk.</p>	<p>Head of Internal Audit &amp; Risk  <a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a></p>

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# DDIM I'W GYHOEDDI NOT FOR PUBLICATION

*Adroddiad Blynyddol Diogelwch Seiber 2019/20  
Annual Cyber Security Report 2019/20*

## PRAWF BUDD Y CYHOEDD PUBLIC INTEREST TEST

<p>Paragraff(au) Paragraph(s)</p>	<p>Atodlen 12A Deddf Llywodraeth Leol 1972 Schedule 12A Local Government Act 1972</p> <p>14: Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>18: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.</p>
<p>Y PRAWF – THE TEST</p>	
<p>Mae yna fudd y cyhoedd wrth ddatgan oherwydd / There is a public interest in disclosure as:-</p> <p>Mae gwybodaeth am effeithlonrwydd trefniadau seibr ddiogelwch y Cyngor yn effeithio'n anuniongyrchol ar ddiogelwch data personol a chyfrinachol y cyhoedd. Mae budd cyhoeddus mewn mynediad i'r wybodaeth gan y gellid ystyried y cyhoedd fel rhanddeiliaid i ddiogelwch seibr y Cyngor.</p> <p>Information relating to the effectiveness of the Council's cyber security arrangements indirectly relates to the security of the public's personal and confidential data. There is a public interest in access to the information as the public may be considered to be stakeholders in the the Council's cyber security.</p>	<p>Y budd y cyhoedd with beidio datgelu yw / The public interest in not disclosing is:-</p> <p>Byddai rhoi gwybodaeth am drefniadau diogelwch seibr y Cyngor yn y parth cyhoeddus yn debygol o gynyddu'r risg i ddiogelwch rhwydwaith y Cyngor ac unplygrwydd ei ddata. Gallai'r wybodaeth gael ei hecsploetio gan droseddwyr ac eraill sy'n ceisio mynd ati i danseilio mesurau diogelwch y Cyngor. Mae'r tebygolrwydd o niwed i faterion busnes y Cyngor, a fyddai'n codi o ddatgelu'r wybodaeth hon, yn uchel gan greu rhagfarn o ran buddiannau masnachol ac ariannol y Cyngor. Mae budd y Cyngor o ran sicrhau diogelwch data yn gryf.</p> <p>Placing information about the Council's cyber security arrangements into the public domain would be likely to increase the risk to the security of the Council's network and the integrity of its data. The information could be exploited by criminals and other parties who seek to undermine the Council's security measures. The likelihood of harm to the</p>

	<p>business affairs of the Council, arising from disclosure is high resulting in prejudice to the commercial and financial interests of the Council. The public interest in ensuring the security of data holdings is strong.</p>
<p>Argymhelliad: *Mae budd y cyhoedd wrth gadw'r eithriad yn fwy o bwys/<del>na</del> <del>na</del> na budd y cyhoedd wrth ddatgelu'r wybodaeth [* dilewch y geiriau nad ydynt yn berthnasol]</p> <p>Recommendation: *The public interest in maintaining the exemption outweighs/<del>does not</del> <del>outweigh</del> the public interest in disclosing the information. [*delete as appropriate]</p>	

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# DDIM I'W GYHOEDDI NOT FOR PUBLICATION

*(Teitl yr Adroddiad: /Title of Report: )*

## PRAWF BUDD Y CYHOEDD PUBLIC INTEREST TEST

Paragraff(au) Paragraph(s)	Atodlen 12A Deddf Llywodraeth Leol 1972 Schedule 12A Local Government Act 1972  14 & 16
Y PRAWF – THE TEST	
Mae yna fudd y cyhoedd wrth ddatgan oherwydd / There is a public interest in disclosure as:-  Mae'r mater yn ymwneud â materion busnes y Cyngor.  The matter concerns the business affairs of the Council.	Y budd y cyhoedd with beidio datgelu yw / The public interest in not disclosing is:-  Mae'r mater yn cyfeirio at materion busnes y Cyngor a all niweidio buddiannau'r Cyngor yn fasnachol, ariannol ac yn gyfreithlon.  The matter refers to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.
Argymhelliad: *Mae budd y cyhoedd wrth gadw'r eithriad yn fwy o bwys/ <del>llai o bwys</del> na budd y cyhoedd wrth ddatgelu'r wybodaeth [* dilewch y geiriau nad ydynt yn berthnasol]  Recommendation: *The public interest in maintaining the exemption outweighs/ <del>does not outweigh</del> the public interest in disclosing the information. [*delete as appropriate]	

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