

# Public Document Pack



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 LLYWODRAETHU AC ARCHWILIO</b>                 | <b>GOVERNANCE AND AUDIT COMMITTEE</b>                    |
| <b>DYDD MAWRTH, 20 GORFFENNAF, 2021<br/>am 2:00 y. p.</b> | <b>TUESDAY, 20 JULY 2021 at 2.00 pm</b>                  |
| <b>CYFARFOD RHITHIOL WEDI'I FFRYDIO'N FYW</b>             | <b>VIRTUAL LIVE STREAMED MEETING</b>                     |
| <b>Swyddog Pwyllgor</b>                                   | <b>Ann Holmes<br/>01248 752518<br/>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**

Jeff Evans, Peter Rogers (*Chair*)

## **AELOD LLEYG / LAY MEMBER**

Dilwyn Evans (*Vice-Chair*)

*Please note that meetings of the Committee are streamed for live and subsequent broadcast on the Council's website. The Authority is a Data Controller under the Data Protection Act and data collected during this live stream will be retained in accordance with the Authority's published policy*

## **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 - 8)**

To present the minutes of the previous meeting of the Governance and Audit Committee held on 23 June, 2021.

### **3 CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2020/21 (Pages 9 - 30)**

To present the report of the Principal Corporate Health and Safety Advisor.

### **4 ANNUAL TREASURY MANAGEMENT REPORT 2020/21 (Pages 31 - 42)**

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

### **5 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2020/21 (Pages 43 - 58)**

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

### **6 UPDATE ON INTERNAL AUDIT STRATEGY AND PRIORITIES 2021/22 (Pages 59 - 62)**

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

### **7 EXTERNAL AUDIT:AUDIT WALES IOACC WORK PROGRAMME AND TIMETABLE (Pages 63 - 72)**

To present the report of External Audit.

### **8 UPDATED FORWARD WORK PROGRAMME (Pages 73 - 78)**

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

## GOVERNANCE AND AUDIT COMMITTEE

### Minutes of the virtual meeting held on 23 June, 2021

- PRESENT:** Councillor Peter Rogers (Chair)  
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors Jeff Evans, John Griffith, Richard Griffiths, Dylan Rees, Alun Roberts, Margaret Roberts.
- IN ATTENDANCE:** Chief Executive  
Director of Function (Resources) and Section 151 Officer  
Head of Internal Audit & Risk (MP)  
Programme, Business Planning and Performance Manager (GM)  
Committee Officer (ATH)
- APOLOGIES:** Councillor Gwilym O. Jones, Mrs Carys Edwards (Head of Profession (HR) and Transformation)
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance),  
Councillor Dafydd Rhys Thomas (Portfolio Member for Corporate Business), Yvonne Thomas (Financial Audit Lead – Audit Wales), Accountancy Services Manager (BHO), Principal Auditor (NRW), Scrutiny Officer (SR)
- 

The Chair welcomed all those in attendance to this virtual meeting of the Governance and Audit Committee following which introductions were made and the apologies for absence were noted.

#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

#### 2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 25 May, 2021 were presented and were confirmed as correct.

#### 3. DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21

The report of the Head of Profession (Human Resources) and Transformation incorporating the draft Annual Governance Statement for 2020/21 was presented for the Committee's consideration. The purpose of the Annual Governance Statement (AGS) is to provide assurance that the Council's governance arrangements are appropriate, adequate and are working effectively.

The Programme, Business Planning and Performance Manager reported that the Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its

functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk together with adequate and effective financial management. The Council has approved and adopted a local code of governance that is consistent with the principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA/Solace, 2016). This local code was due to be revised during 2020/21 but because of the pandemic, this work has been rescheduled to 2021/22. The AGS explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 in relation to a publication of a statement on internal control.

The AGS reports on the governance framework that has been in place at the Isle of Anglesey County Council for the year ended 31 March, 2021. Elements of that framework were highlighted as follows –

- Political Management arrangements an overview of which is provided at page 7 of the Statement. The governance framework was substantially amended due to the emergency powers delegated to the Leader and Chief Executive as a result of the pandemic. The Coronavirus Act 2020 and the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 reduced the legal obligations on local authorities in relation to meetings. Accordingly the Council reviewed its programme of committee meetings. In an effort to ensure that the Council maintained its core business, whilst ensuring democratic accountability and being realistic about the uncertainty that it faced, a strategy for committee meetings to 30 April, 2021 was approved in principle by elected members on 12 May, 2020.
- Dealing with the Covid 19 crisis has been a significant challenge for the Council – not only in maintaining key front-line services and conducting normal business where possible, but also in ensuring that health and safety arrangements are in place to protect the Council's staff whilst providing services. On 18 March, 2020 an Emergency Management Response Team (EMRT) comprising of the Senior Leadership Team, Heads of Services, the Council Leader and Deputy Leader and key personnel from an emergency response perspective was set up; the EMRT became the main decision making forum for Coronavirus related activities on Anglesey ensuring that decisions taken were evidence based and consistently implemented across the Council to respond effectively to key risks. The Council Leader exercised her executive decision making powers at the start of the outbreak when meetings of the Executive and Council were unable to be held. The first remote meeting of the Planning and Orders Committee was held on 20 May, 2020 and thereafter all committee meetings have been held remotely and recordings have subsequently been made available on the Council's website. More recently, committee meetings have begun to be live streamed on the Council's YouTube channel.
- The Council annually reviews its governance arrangements. The key sources of assurance that inform this review are set out on Page 8 of the AGS and include the work of managers within the Council who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk's annual report and comments made by the external auditors and other review agencies and inspectorates. In addition, regular in-year review and monitoring takes place and involves the activities as listed.
- The overall assessment for this report follows a self-assessment grading system where "Excellent" denotes many strengths including significant examples of sector leading practice and "Unsatisfactory" denotes that important areas for improvement outweigh strengths. As summarised in the table at page 18 of the Statement, the annual review of the effectiveness of the Council's Governance Framework concludes that the Council's

performance against all seven core principles of the CIPFA/Solace Delivering Good Governance in Local Government is “Good” meaning that it is characterised by many strengths and that no important areas requiring significant improvement have been identified. A more detailed analysis is provided in Appendix 1 to the AGS.

- Despite the challenges of the past twelve months the Head of Audit and Risk’s Annual Report for 2020/21 confirmed that there were no areas of significant corporate concern but that some areas required the introduction or improvement of internal control to ensure the achievement of objectives which are the subject of monitoring.
- The AGS also reports on any key governance matters that have been identified along with a commitment to address them. Whilst no significant governance matters were identified during 2020/21, the self-assessment process did identify the governance issues set out at page 14 of the Statement which will be addressed in 2021/22.

The Committee thanked the Programme, Business Planning and Performance Manager for presenting the Annual Governance Statement for 2020/21 and for providing an overview of its content. The Committee also commented on the improved readability and layout of the Statement which was appreciated. In considering the document, the Committee noted that although the Council has made a commitment to continuous improvement, the outcome of its self-assessment has remained unchanged over the past few years and it suggested that the rationale for the evaluation should be examined. Further, the Committee queried whether there has been any external input into the Statement in terms of validating the self-assessment as a fair and accurate estimation of attainment and compliance.

The Programme, Business Planning and Performance Manager clarified that it is important to note that self-assessing as “Good” against the seven core principles of the CIPFA/Solace Framework means that no significant areas requiring improvement have been identified; a step-up to the next level to an “Excellent” grading would require the Council to be able to demonstrate and to provide significant examples of sector leading practice which is not deemed a fair reflection of its current position. With regard to external input, the Council’s activities across a range of services are the subject of external regulatory oversight including by Audit Wales, Estyn and CIW; it is considered that based on the findings of reviews by the external regulators the conclusion of the self-assessment is fair.

The Director of Function (Resources) and Section 151 Officer advised that the Annual Governance Statement forms part of the Statement of the Accounts 2020/21 and as such the AGS and the evidence on which is based will be subject to external audit.

**It was resolved –**

- **To approve the Draft Annual Governance Statement that will form part of the 2020/21 Statement of the Accounts.**
- **To delegate authority to the Chair of the Committee and the Director of Function (Resources) and Section 151 Officer to make further minor amendments to the Annual Governance Statement prior to its inclusion in the final version in the Statement of the Accounts.**

**ADDITIONAL ACTION: That members of the Committee be invited if they so wish to offer minor amendments to the Annual Governance Statement before it is included in the Statement of the Accounts.**

#### **4. DRAFT STATEMENT OF THE ACCOUNTS 2020/21**

The report of the Director of Function (Resources) and Section 151 Officers incorporating the draft pre-audit Statement of the Accounts for the 2020/21 financial year was presented for the Committee’s consideration.

The Director of Function (Resources)/Section 151 Officer advised that the Accounts and Audit (Wales) Regulations 2014 (as amended) require that the Responsible Officer for the Isle of Anglesey County Council sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for the year. The regulations require that this be completed by the 31 May, 2021. However the extended publication deadlines introduced for the 2019/20 accounts process in recognition of the impact of Covid 19 on local authorities and their staff have been applied to the 2020/21 accounts publication process as well meaning that local authorities have until 31 August, 2021 to approve their draft accounts for 2020/21 and until 30 November, 2021 to publish their final audited accounts. Nevertheless the Authority's draft 2020/21 accounts were signed by the Section 151 Officer on 15 June, 2021 and thanks are due to the staff of the Finance Service for their work in completing the draft accounts earlier than required. The process has again been challenging this year because of the continuing pressure of dealing with Covid 19 and also because of the need to account for the significant additional funding provided by Welsh Government to support councils through the pandemic.

The Statement of the Accounts 2020/21 has been prepared and set out in a format prescribed by CIPFA's Local Authority Code of Practice and the requirements of accounting regulations and practices; it is a statement that is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances. The main elements of the Statement of the Accounts include the following –

- The Narrative Report which provides an effective guide to the most significant matters reported in the accounts. The report also contains additional information about the Council in general and the main influences on the financial statements which link between the Council's activities and challenges and how these impact on the financial resources. In 2020/21, the Council reported an underspend of £4.204m against a planned activity of £142.146m (net budget) and achieved £0.244m of savings. The table at 3.4.1 reflects the final budget for 2020/21 and actual income and expenditure against it. The impact of the underspend means that the Council increased its general reserves by £4.204m to £11.594m which equates to 7.87% of its net revenue budget for 2021/22. The Capital Budget was underspent in the year with the total spend amounting to £33.129m against a total Capital Budget for 2020/21 of £58.425m.
- Comprehensive Income and Expenditure Statement (page 17 of the accounts) – shows the cost of providing the Authority's services during the year in accordance with accounting practices rather than the amount to be funded from taxation hence the figure of £24.231m. The amount that is chargeable to council tax requires a number of adjustments which are explained in Note 7 (Adjustments between accounting basis and funding basis under regulations). The CIES also shows gains or losses with regard to the authority's assets and liabilities including pension liability and changes as a result of the revaluation of assets.
- Summary of Movements in Council Reserves (page 23 of the accounts) – shows the movement in the year on the different reserves held by the Council analysed between usable (can be spent in the future) and unusable (cannot be spent) reserves. The Council's General Fund Balance increased to £11.594m at the end of the year; the Earmarked Reserve Fund Balance was £14.079m; the HRA Balance was £9.743m; the Capital Receipts Fund was £767k and School Balances amounted to £4.015m. The Council's total usable reserves as at 31 March, 2021 showed a significant increase on the previous year's total standing at £40.198m. This is not dissimilar to the position in which a number of other authorities find themselves in having received additional funding from Welsh Government to cover Covid-19 related expenditure and having spent less on

the delivery of services because of the closures/restrictions imposed as a result of the pandemic. Likewise, the Authority's schools have received Welsh Government grants some of which were received late in the financial year and have been carried forward into 2021/22 hence the increase in school balances. It is expected that this funding will be used by schools this year leading to a reduction in the total value of school balances.

- The Balance Sheet (Page 24 of the accounts) – shows the value of the assets owned by the Council and what it owes in terms of liabilities as at 31 March, 2021 although not all the Council's assets are included only those required to be shown by the Code. The Balance Sheet reflects a good financial position at the end of 2020/21 with net assets of £164.056m. This is a decrease of £24.230m from the previous year which is the result of a £38.484m decrease in unusable reserves and a £14.254m increase in usable balances including the HRA. The Council's overall net pension liability has increased from £124.520m as at 31 March, 2020 to £176.261m as at 31 March, 2021. The figure is based on an assessment at a specific point in time and can fluctuate significantly, and although it is not an immediate deficit that has to be met now, it is a liability that the Authority has incurred which will have to be funded in the long-term.
- The Cash Flow Statement – shows the changes in the Council's cash and cash equivalents during the financial year divided into operating, investing and financing activities (Analysis provided in Notes 28, 29 and 30). The Council's cash and cash equivalent balance has increased to £28.738m.
- Notes to the core Financial Statements – provide additional information and clarify the figures in the main financial statements. Of most interest to the taxpayer are Note 8 - earmarked reserves and their purpose; Note 9 - school balances position; Note 15 - non-current assets – property, plant and equipment; ; Note 17 – heritage assets; Note 20 – capital expenditure and financing; Note 24 – Debtors; Note 26 – Creditors; Note 27 – Provisions (for possible known costs); Note 33 - Members' allowances; Note 34 - Officers' remuneration; Note 37 – Grants income (including the RSG); Note 41- Local Government Pension Scheme; Note 42 – Contingent liabilities (where the potential costs are not known); Note 48 – Council Tax; Note 49 – Non-Domestic Rates and Note 51 – Agency where the Council has been acting as an agent for schemes on behalf of Welsh Government including Covid 19 related support schemes.
- A separate and supplementary Financial Statement is included for the Housing Revenue Account.
- The Annual Governance Statement for 2020/21 (discussed under the previous item) will follow at the end of the Statement of the Accounts.

The accounts are in the process of being audited; the audited accounts will be presented to meetings of the Governance and Audit Committee and Full Council in September although the timescale for the presentation and approval of the 2020/21 final accounts extends to the end of November, 2021.

In considering the financial statements the Committee discussed the following points –

- The increase in the figure for Debtors (up £4m from 2019/20) as well as for bad debt provision including for Council Tax and rents in the context of the pandemic having likely exacerbated financial hardship and money problems with a resulting and concerning impact on mental well-being.

The Director of Function (Resources)/Section 151 Officer provided assurance that although the collection of Council Tax is important in order to help fund services the Authority has sought to be as flexible as possible in its approach to people who are experiencing financial hardship because of Covid 19 including by suspending Council tax instalments for April and May, 2020 and by not pursuing court based enforcement action or the debt recovery process to the same extent as it would have normally. Consequently

the Authority's Council Tax collection rate for 2020/21 fell from in the region of 97% to 95.5%. It is anticipated that the full effect of Covid related Council Tax arrears will be felt this year and could mean that the amount of debt having to be written off will be higher. A new scheme called Breathing Space has been introduced in England and Wales which aims to give people experiencing financial difficulties time and opportunity to receive advice and to set up a plan to pay their debts; it is an approach which the Authority would encourage everyone having problems paying their Council Tax to take given that although the Authority will use the measures at its disposal to recover Council Tax arrears it does prefer to work with individuals to come to an agreement on ways to pay.

- Whether refunds for examination fees paid in full or in part by schools will appear in the 2020/21 or 2021/22 balance sheet.

The Director of Function (Resources) advised that the figure in the accounts reflects the best assessment of what the payment should have been; if the payment made by schools was higher, then the refund will have been incorporated as income into the accounts; if the payment was less, then the sum assessed as being owed by schools will have been accrued for. The policy requires that expenditure be accounted for in the year in which the service was received. If a refund is due it will have been accounted for in the 2020/21 accounts. Should the amount paid by schools be higher than the sum eventually agreed with the WJEC as owing then the difference will be accounted for in the 2021/22 accounts. Additionally, in setting the Council's budget, the delegated schools budget reflected the funding required by schools on the presumption they would be open throughout the school year; part of the increase in school balances is due therefore to schools having incurred less costs than the budget they received because they were closed for parts of the year. The Authority has not sought to recoup the unused element of the delegated schools budget which has fed through to schools' balances.

- Whether the increase in the net liability on the Local Government Pension Scheme has implications for the future security of the scheme.

The Director of Function (Resources) and Section 151 Officer advised that the value of the Pension Fund is assessed in two ways - one being an annual assessment for the purpose of the accounts which is based on specific assumptions the Actuary is required to use to that end; the other is the Actuary's triennial valuation of the fund for the purpose of determining the employer's contribution rate which is based on a different set of assumptions. He clarified the factors involved in calculating the fund's liabilities and provided assurance that although the deficit on the pension fund appears significant on paper whilst the scheme remains active and contributions continue to be made into the fund, the debt will not crystallise. The last triennial actuarial valuation in 2019 showed the fund to be in a healthy position. From the Authority's perspective the employer contribution rate is a more immediate issue as it is funded by the Council and therefore has an impact on the level of Council Tax.

The Portfolio Member for Finance confirmed that at the last meeting of the Gwynedd Pensions Fund Committee, the valuation of the fund was given as around £2.3b.

- The Council's intentions with regard to helping people in urgent housing need given that the Housing Revenue Account shows that the Council's housing stock has increased by only 3 units from 2019/20, and the use to which the resources earmarked for this purpose have actually been put if they have not been spent on acquiring stock.

The Director of Function (Resources)/Section 151 Officer advised the Authority's long-term plans for additional housing stock are contained within the HRA 30 year Business Plan

with the aim being to realise 200 additional units in the first five years of the Plan. The Council did take possession of units prior to March 2020 but as these were not in a position to be let, they were not classified as stock. However, they were let early in the new financial year meaning that the number of new units coming into use in 2020/21 was higher than three. A number of projects in different areas of the Island have been or are near completion since the end of March, 2021 and these will add to the housing stock significantly. The Business Plan is based on the balance of the HRA which is currently £9.7m; in the long-term the intention is to reduce the balance of the reserve to £1m leaving £8.7m to fund new council housing following which the ability to borrow against the HRA will be utilised to continue with housing development. Details of actual and planned housing development as well as the HRA Financial Plan are contained within the Business Plan. The Authority also plans to buy back in the region of 10 to 15 former council properties where doing so would fulfil a housing need and where the cost of bringing the units to WHQS standards is not prohibitive.

- Having regard to the Council's financial standing and associated risks the need to monitor the allocation of funding under the UK Shared Prosperity Fund to ensure that Wales receives its fair share the concern being that it will be Westminster rather than Welsh Government which will determine how much funds will be allocated and where they will be spent. The Prosperity fund replaces EU funds of which Wales was one of the highest recipients and from which Anglesey benefitted significantly.

The Chief Executive referred to the Community Renewal Fund which paves the way for the UK Shared Prosperity Fund and is based on a competitive process, and the Levelling Up fund which provides funding for infrastructure projects. A bid for funding covering a number of projects has been put forward under the Community Renewal Fund the outcome of which is awaited. Under the Levelling Up Fund which is not as yet accepting bids, Anglesey has not been designated a priority one area having instead been placed in category 2 which is a concern.

- Whether it is prudent to be using the Council's reserves to fund revenue expenditure it being noted that the Council intends to reduce the General Fund balance to fund any deficit on the revenue budget. Reference was made to the fact that Audit Wales had in a previous communication commented that it is not sustainable to rely on reserves to support ongoing costs or planned revenue expenditure.

The Director of Function (Resources) and Section 151 Officer clarified that with the exception of the 2021/22 financial year there has been no planned use of the Council's reserves to balance the revenue budget the aim being to fund the revenue budget from Aggregate External Funding and Council Tax. For 2021/22, £300k from reserves is being used to balance the budget. The comments made by Audit Wales were in connection with overspends in the 2017/18 and 2018/19 financial years which were then funded from the General Fund thereby reducing the balance of the Fund to below the 5% (of the net revenue budget) minimum reserve level set by the Council. The revenue budget was underspent in 2019/20 and 2020/21 taking the General Fund Balance to its current £11.6m total. There is concern that as Covid related restrictions are eased the demand for some services particularly Children and Adults' services, will increase thereby leading to overspend on the 2021/22 budget which is based on a normal year's level of demand. There is also an argument for setting the minimum reserve level above 5% for the next few years given that it is uncertain for how long any upsurge in demand may last. Nevertheless there is scope to consider utilising some of the General Fund balance to fund projects where those can be shown to bring benefits in the form of revenue savings and/or improved performance.

- The delivery rate on the 2020/21 Capital Programme and budget which at 56.7% has reduced from the previous year and whether as a result of a pattern of underspending the Council needs to review its projections for the capital budget and expenditure in order to avoid the risk of borrowing unnecessarily and also of raising expectations which are then not met.

The Director of Function (Resources)/Section 151 Officer advised that while it is challenging to achieve a 100% delivery rate on the capital budget and programme because of the complex and large scale nature of some of the projects involved, the 2020/21 financial year proved exceptional in that Covid 19 related restrictions had a significant impact on capital works during the first few months of the financial year. Other projects such as the Schools' Modernisation Programme in the Llangefni area did not make the progress expected because of a delay in finalising the proposals and the delivery of some of the fleet vehicles linked to the new waste contract was similarly delayed. The Finance Scrutiny Panel has asked that the timing of the capital budget setting process be looked at with a view to its being brought forward so that work is scheduled for a more favourable time of the year thereby increasing expenditure. The 2021/22 capital budget was re-profiled to take account of the schemes that had slipped in 2020/21 and the associated expenditure was included therein. The £58.425m capital budget therefore includes the slippage for the previous year as well as schemes that were added after the budget was set and which are grant funded.

Before closing the meeting, the Chair on behalf of the Committee thanked the Accountancy Services Manager and her team for their work in completing the draft accounts within time and in challenging circumstances.

**Having considered the report, it was resolved to note the draft unaudited main financial statements for 2020/21.**

**Councillor Peter Rogers  
Chair**

| <b>ISLE OF ANGLESEY COUNTY COUNCIL</b>                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                     |
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| <b>Adroddiad i:<br/>Report to:</b>                                                                                                                                                                                                                                               | Governance and Audit Committee                                                                                                                                                                                                                                      |
| <b>Dyddiad:<br/>Date:</b>                                                                                                                                                                                                                                                        | 20 July 2021                                                                                                                                                                                                                                                        |
| <b>Pwnc:<br/>Subject:</b>                                                                                                                                                                                                                                                        | Corporate Health and Safety Annual Report 2020/21                                                                                                                                                                                                                   |
| <b>Pennaeth<br/>Gwasanaeth:<br/>Head of Service:</b>                                                                                                                                                                                                                             | Christian Branch<br>Pennaeth Gwasanaeth / Head of Service<br>Rheoleiddio a Economaidd / Regulation and Economic<br><a href="mailto:ChristianBranch@ynysmon.gov.uk">ChristianBranch@ynysmon.gov.uk</a><br>01248 752491                                               |
| <b>Awdur yr Adroddiad:<br/>Report Author:</b>                                                                                                                                                                                                                                    | Stephen Nicol<br>Prif Ymgynghordydd Iechyd a Diogelwch Corf./Principal<br>Corporate Health & Safety Advisor<br>Rheoleiddio a Economaidd / Regulation and Economic<br><a href="mailto:StephenNicoll@ynysmon.gov.uk">StephenNicoll@ynysmon.gov.uk</a><br>01248 751884 |
| <b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b><br>To inform the members of the Governance and Audit Committee of the Authority's performance with regard to Health and Safety during the period April 1 <sup>st</sup> 2020 to March 31 <sup>st</sup> 2021. |                                                                                                                                                                                                                                                                     |

## Introduction

1. The Corporate Health and Safety Policy states an annual report will be written with regard to Health and Safety performance. The report is presented in a format identified by WLGA to enable key information to be included. The report is present in [Appendix A](#)

## Recommendation

2. That the Governance and Audit Committee:
  - Consider the report and recommendations included



CYNGOR SIR  
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ISLE OF ANGLESEY  
COUNTY COUNCIL

# Health and Safety Report 2020 / 21

## Corporate Health and Safety Annual Report

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### **1 Introduction**

The Isle of Anglesey County Council's Corporate Health and Safety Policy includes a commitment to the preparation and publication of an Annual Health and Safety Report.

Welsh Local Government Association (WLGA) have developed a framework and guidance for the production of an Annual Health and Safety Performance Report. The framework and guidance provides a series of headings to assist with the reporting of health and safety performance. This framework was not intended to be a comprehensive analysis of health and safety but should assist in identifying the commitment, ability and direction of the management of occupational health and safety. This report follows the format provided by WLGA.

During the past twelve months significant changes have taken in the work place to address the risk from the COVID19 pandemic. The management system in place has had to adapt to allow for these changes.

### **2 Corporate Management during the COVID 19 Pandemic**

An Emergency Management Response Team (EMRT) was formed to oversee the management of Ynys Mon County Council's undertakings during the Covid19 crisis. This allowed an overview of all activities and all reactive work required during the crisis. The EMRT by meeting either daily or weekly (dependant on local circumstances), ensured informed and timely management decisions were made for work activities and service provision.

Senior Responsible Officers and sub-groups were identified to allow more focus on specific topic areas such as PPE provision, communication, TTP, vaccinations, etc. Effective and dependable work from home arrangements were established immediately for office-based workers, whilst front line services and workers were informed by specific risk assessments and associated safety measures.

During the crisis "Lockdowns" were imposed and eased as part of the national approach to combat the risk to health and ensure the capacity of the NHS to provide care was not overrun.

As Lockdowns were eased more work activities were restarted. An Opening Group was formed to assess risk assessments and operational plans for restarting work activities and

allowing the “opening” of buildings and associated services. This group assessed the safety precautions in place to allow this and continued follow up monitoring.

The Senior Leadership Team (SLT) continued to provide continuity and governance of the council with regard to general management and actions, with decisions still taken by the Executive. This was supported by meetings of the Penaethiaid Group to enable escalation of any issues to SLT to ensure appropriate action can be taken to resolve matters, health and safety related or other.

The Corporate Health and Safety Plan for 2020/21 was not followed due to the need to address the immediate and evolving demands during the crisis. Most of the actions from the 2020/21 plan have been incorporated into the 2021/22 plan, whilst recognising the additional risks and demands of living, working, and providing services in a Covid 19 world. There has been some amendment and acknowledgement to the possible need to address issues and service which may arise during the ongoing crisis situation.

### **3 Statistical Information**

The data presented below includes all accidents and incidents reported during 2020/21. The internal classification of accidents and incidents has been in three categories - Minor, Serious and RIDDOR.

Minor accidents and incidents would have been accidents / incidents where the resulting injury or loss was insignificant. This includes accident and incidents which resulted in no injury or loss and the potential outcome may be insignificant if injury or loss had occurred.

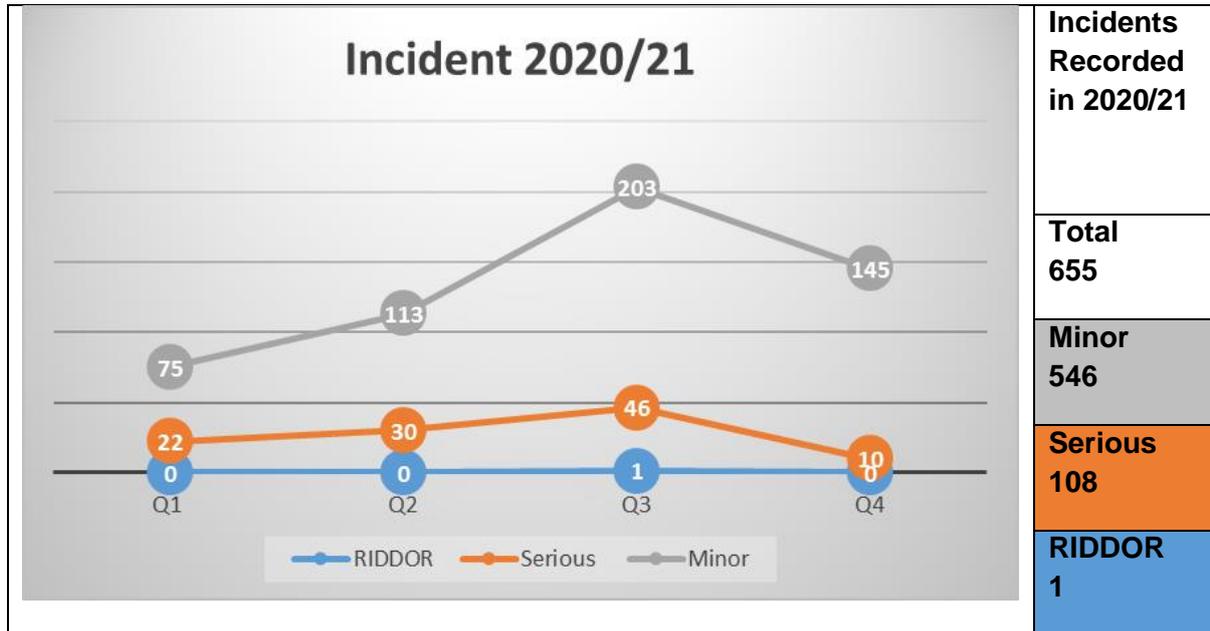
Serious accidents / incidents are classified where the outcome resulted in significant injury or loss or where there was potential for significant injury or loss. This includes accidents and incidents which resulted in no injury or loss but the potential outcome may be significant if injury or loss had occurred.

RIDDOR accidents and incidents are accidents or incidents which met specific criteria that required reporting to the HSE. The criteria for reporting these types of accidents and incidents are provided within the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

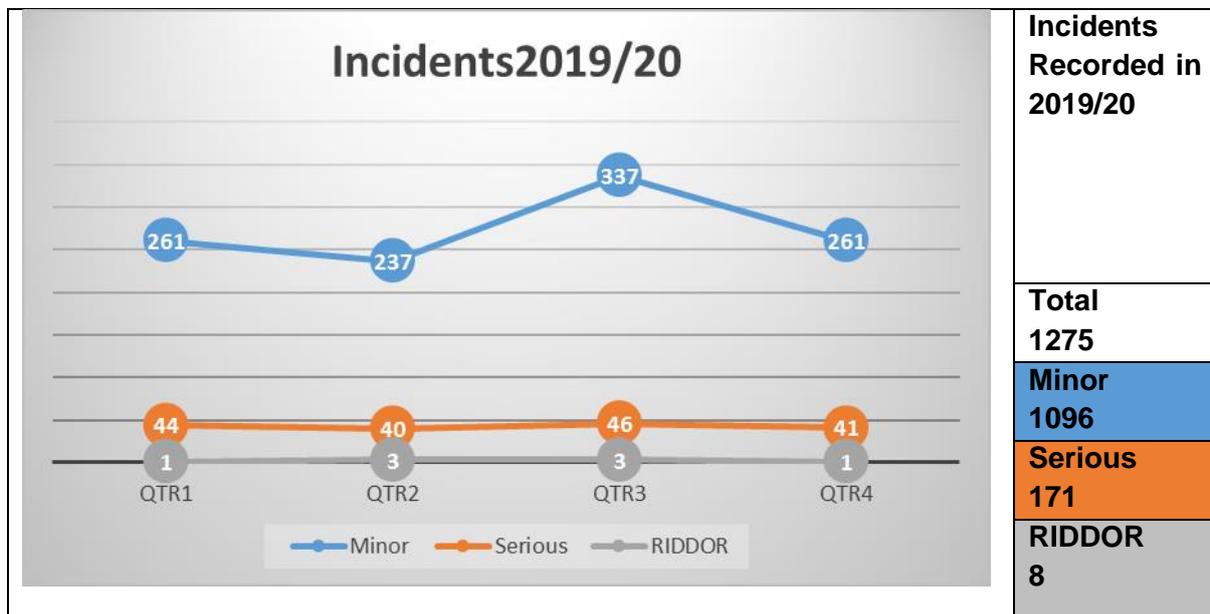
The table below presents the number of accidents and incidents for the whole authority. This includes incidents involving members of the public, service users, school pupils, contractors, facilities as well as employees.

**All incidents reported**

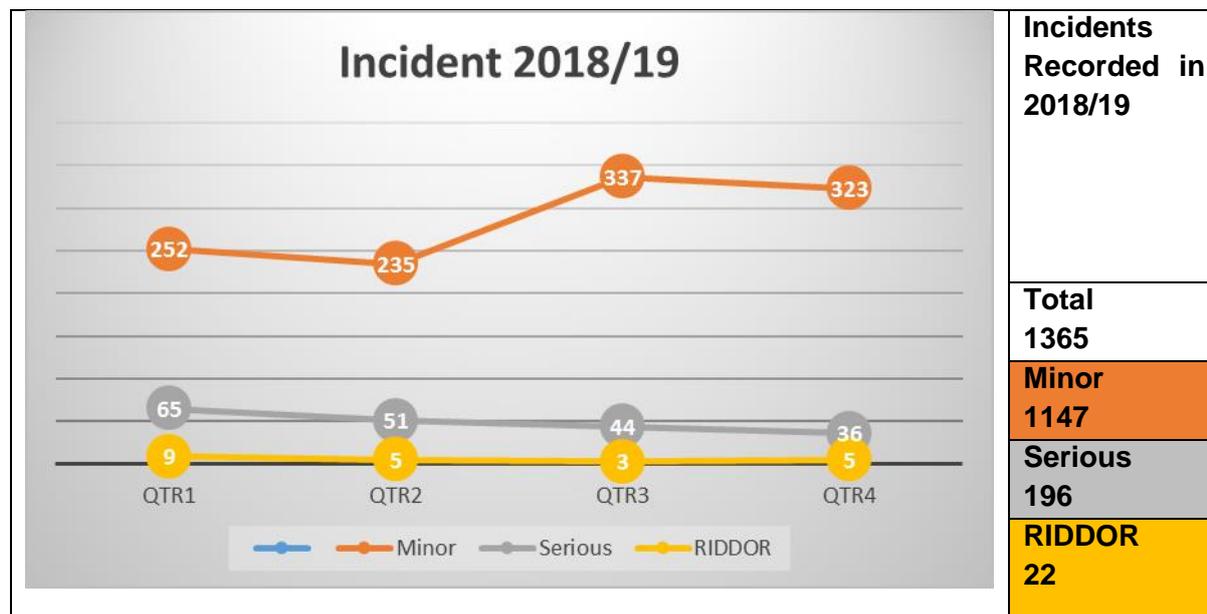
**Table 1 – All incidents 2020/21**



**Table 2 – All incidents 2019/20**



**Table 3 – All incidents 2018/19**



Analysis of Tables 1, 2 and 3 show a significant decline in the number of incidents in 2020/21 (Table 1) compared to the previous two years (Table 2 & 3). This decline is considered to be directly related to the reduced number of services operating. The recording of incidents involving school pupils is a requirement. Incidents recorded from schools would normally be the largest number recorded per Service. As schools were closed for periods during 2020/21 this would account for the reduced number of incidents recorded within Education Services.

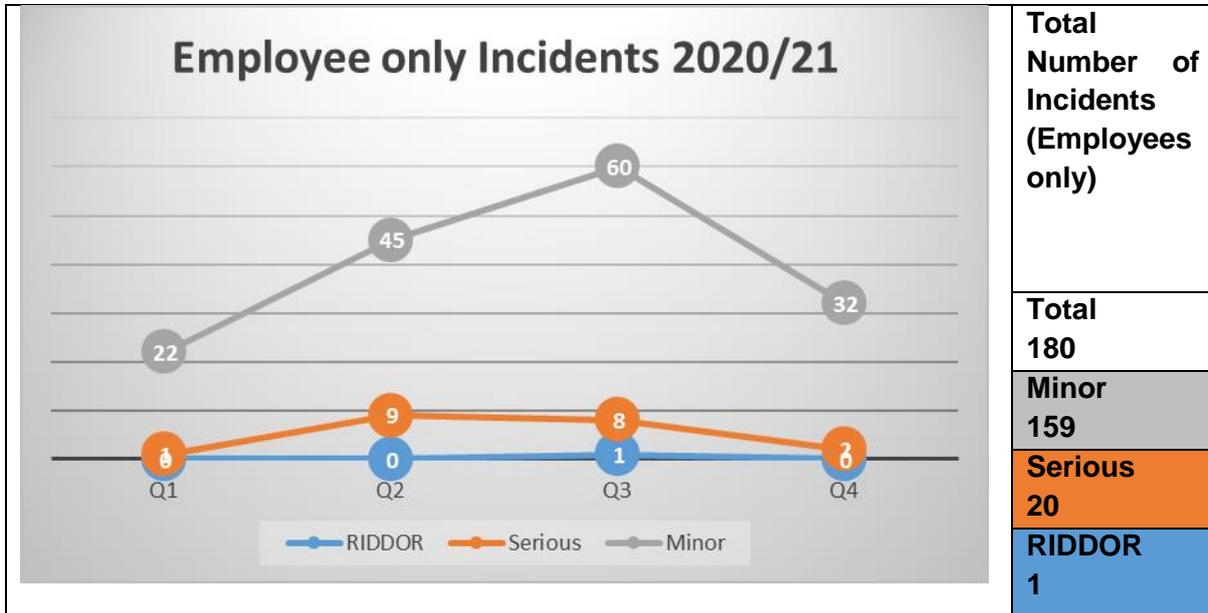
The increase during the 2<sup>nd</sup> and 3<sup>rd</sup> Quarters of the year would reflect this as this was a period when schools were open to some extent.

The tighter controls in place due to Covid19 restrictions would account for some reduction in the number of incidents reported.

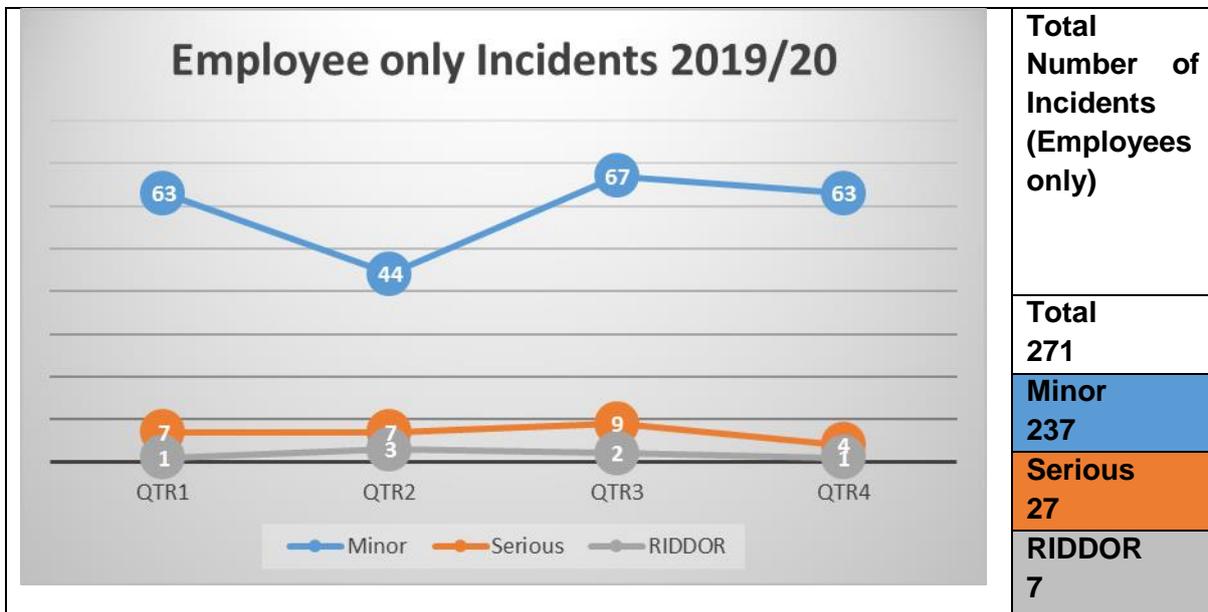
**Employee only incidents**

The tables below presents the number of accidents and incidents involving employees only.

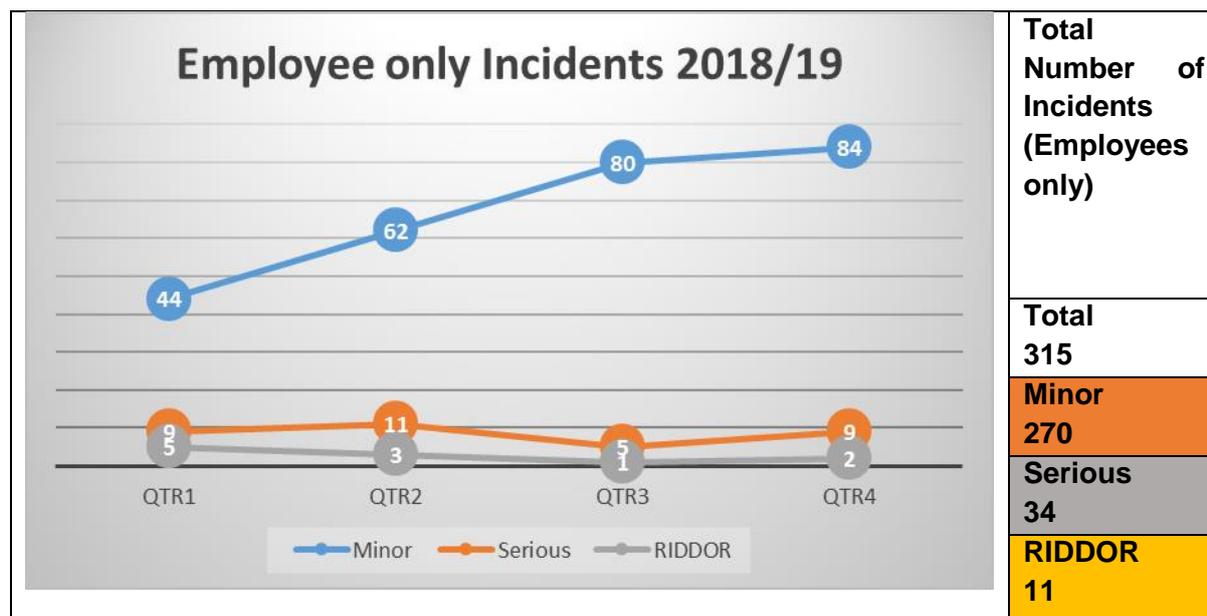
**Table 4 – Incidents relating to employees only 2020/21**



**Table 5 – Incidents relating to employees only 2019/20**



**Table 6 – Incidents relating to employees only 2018/19**



Analysis of Tables 4, 5 and 6 show a reduction in the number of incidents in 2020/21 (Table 4) compared to the two previous years (Tables 5 & 6). It is considered this is due to the reduced number of activities taking place under Covid19 restrictions. Similar to the figures for “All Incidents” reported (Table 1) there is an increase in the 2<sup>nd</sup> and 3<sup>rd</sup> Quarters. This would reflected the period where more activities were taking place. The tightening of restrictions and reduced activity in the 4<sup>th</sup> Quarter would confirm this.

#### 4 Corporate Training Provision

The on-going pandemic had a significant impact on training provision during 2020-21, with classroom sessions suspended and training delivered virtually where possible.

As a result of the pandemic, a total of 9 planned Corporate Health & Safety classroom sessions were cancelled due to lockdown restrictions. These included courses around Medication, Risk Assessment, Manual Handling and First Aid.

Despite this, a total of 13 Corporate Health & Safety sessions were successfully held with a total of 81 attending. These included classroom sessions with **limited capacity** and a COVID related risk assessment being undertaken beforehand, as well as virtual sessions where possible.

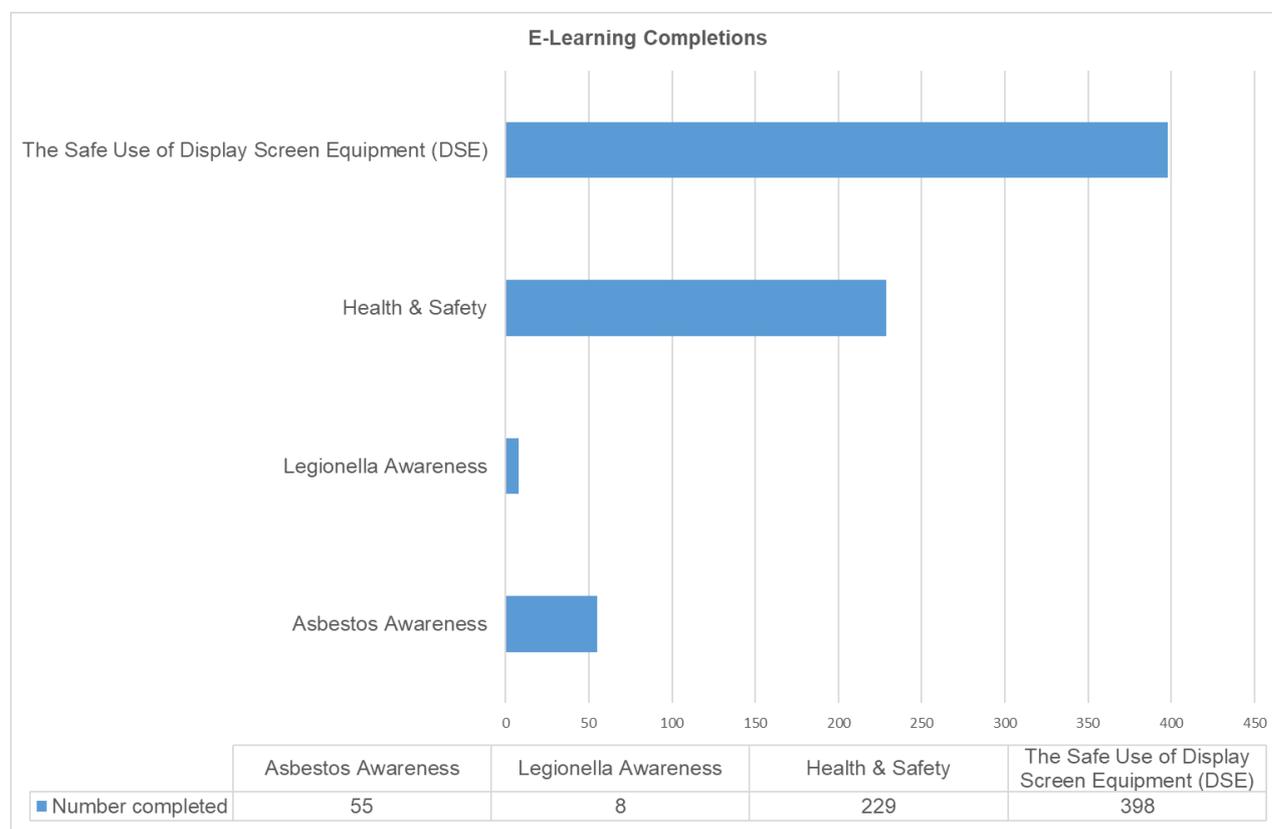
**Table 7 – Corporate Health & Safety Sessions, April 2020 – March 2021**

| Course                                         | Sessions Held | Numbers attended |
|------------------------------------------------|---------------|------------------|
| First Aid at Work (3 Days)                     | 2             | 10               |
| First Aid Refresher (2 Days)                   | 4             | 20               |
| Risk Management                                | 1             | 12               |
| Infection Control                              | 1             | 9                |
| National Plant Certificate Tractor / Skidsteer | 3             | 10               |
|                                                |               |                  |
| Passport A-B                                   | 2             | 20               |

More emphasis was also placed on E-Learning as an alternative method of meeting training needs during the on-going pandemic, with E-Learning access being arranged for Asbestos, as well as on-going work on developing an in-house module for Control of Substances Hazardous to Health (COSHH). Legionella e-learning was also arranged during March 2021, with further completions expected into the next year. Our existing Health & Safety and Display Screen Equipment modules were also heavily utilised during this period. Across the 4 Health & Safety related modules, there were a total of 690 completions.

Please refer to Table 2 below for an overview of the E-Learning completions. As noted above, the Legionella course was rolled out during March 2021, as such the completion data is relatively low at present. In addition, both the Legionella and Asbestos courses were only offered to a small target audience, whereas the other courses are widely available to staff.

**Table 8 – Corporate Health & Safety E-Learning Completions, April 2020 – March 2021**



## Social Care Sector

As well as the Corporate Training Provision, Health & Safety courses and E-Learning also continued to be arranged around the on-going restrictions for the Social Care Sector.

Similarly, there were 9 planned Health & Safety sessions for the Social Care Sector which had to be cancelled, including Risk Assessment and Manual Handling. However, courses were also adapted to virtual sessions and/or E-Learning.

A total of 7 Health & Safety sessions specifically for the Social Care Sector were arranged during the year, attended by a total of 57, and all were held virtually. Follow up sessions are required for the Passport A-F Manual Handling in order to meet more of the practical elements.

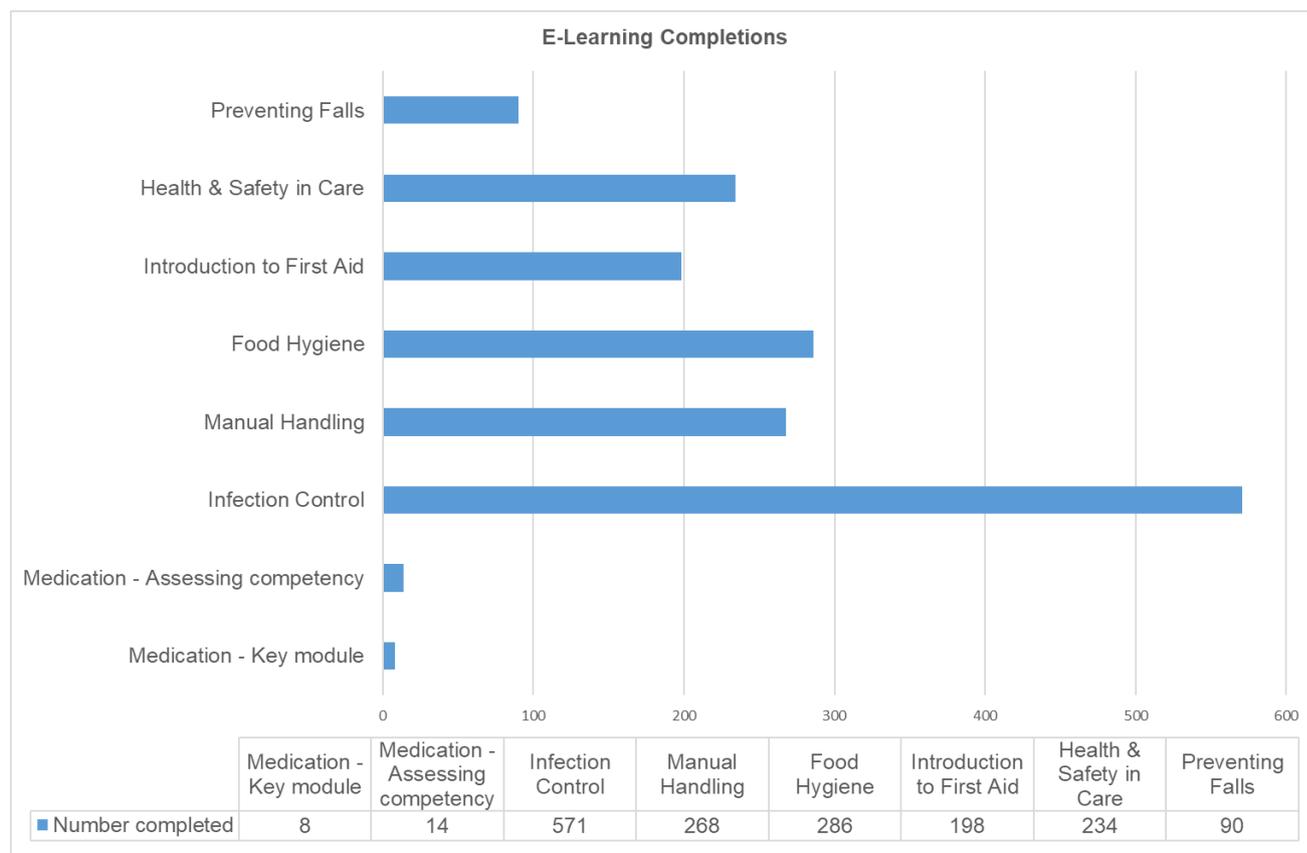
**Table 9 – Social Care Health & Safety Sessions, April 2020 – March 2021**

| <b>Course</b>                       | <b>Sessions Held</b> | <b>Numbers attended</b> |
|-------------------------------------|----------------------|-------------------------|
| Passport A-F                        | 2                    | 16                      |
| Infection Control                   | 2                    | 24                      |
| Bloodborne Pathogen - Foster Carers | 1                    | 8                       |
| Risk Assessment Accredited          | 2                    | 9                       |

E-Learning was also maximised to its full potential during this period, with a total of 861 completions across the 8 Health & Safety related modules arranged for the Social Care Sector and/or situated within the Social Care Dashboard of Learning Pool.

Table 4 below provides an overview of the E-Learning completions, however it must be noted that the Medication modules were arranged for a specific target audience, whereas the remaining modules are available to staff via the Social Care Dashboard.

**Table 10 – Social Care Health & Safety E-Learning Completions, April 2020 – March 2021**

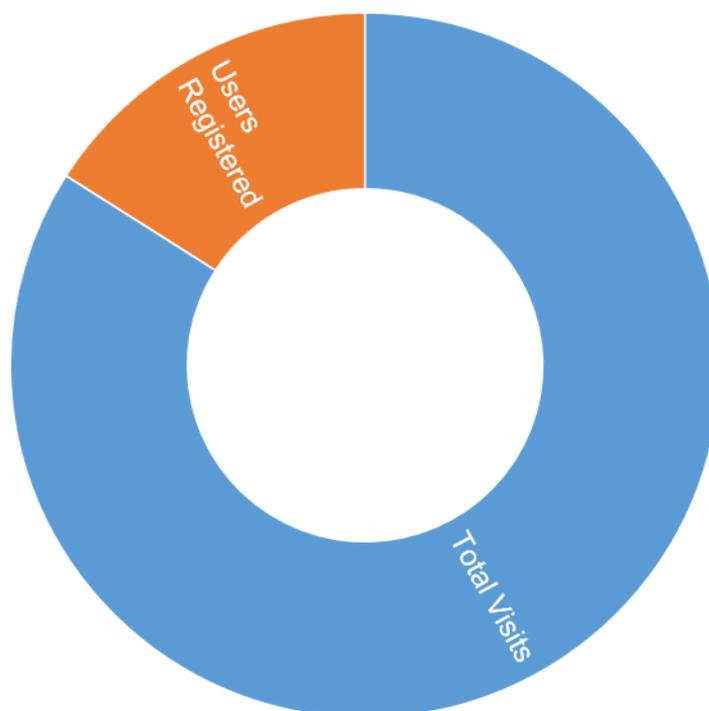


**Health & Well-being**

Staff health and well-being has been a key priority during the on-going pandemic, with several initiatives implemented during 2020-21.

At the commencement of the initial lockdown period in March 2020, a Working from Home Well-being page was quickly established sharing information and resources around the on-going threat of Coronavirus, as well as health and well-being in general.

During this period, the page had a total of 14,163 hits, across a total of 2,691 users. This highlights that the page was very well received as it clearly indicates that users were returning to the resource throughout the year.

**Table 11 – Working From Home Well-being Page: Users Registered against Total Visits, March 2020 – March 2021**

During March 2021, the page was revamped in to a Health & Well-being Category and now houses 7 individual pages around specific Health & Well-being areas, and has registered 134 users across the 7 pages in the last month of 2020-21.

A total of 21 sessions were arranged corporately around Health & Well-being areas such as financial well-being, hate crime, substance misuse, mental health and also an insightful question and answer session with Dr Dyfrig Ap-Dafydd around the COVID-19 Vaccinations. A total of 223 members of staff attended across all sessions.

**Table 12 – Corporate Health & Well-being Sessions, April 2020 – March 2021**

| Course                                    | Sessions Held | Numbers attended |
|-------------------------------------------|---------------|------------------|
| Mid-Career Financial Planning Seminar     | 1             | 6                |
| Fraud Prevention Training                 | 1             | 30               |
| Pre Retirement                            | 2             | 6                |
| Foundation of Financial Well-being        | 1             | 10               |
| Financial Well-being - Protection         | 1             | 11               |
| Financial Wellness                        | 1             | 7                |
| Hate Crime Awareness Session              | 3             | 16               |
| Substance Misuse Awareness                | 2             | 11               |
| Boosting Your Mental Health and Wellbeing | 1             | 20               |
| Emailogic - Email Etiquette and Wellbeing | 2             | 44               |
| Mental Health Awareness for Staff         | 3             | 23               |
| Mental Wellbeing at Work for Managers     | 2             | 18               |
| Dr Dyfrig - COVID-19 Vaccine Q&A          | 1             | 21               |

In addition, the Social Care provision also arranged a total of 7 Health & Well-being related sessions, with a total attendance of 62. These were primarily around Mental Health and Anxiety.

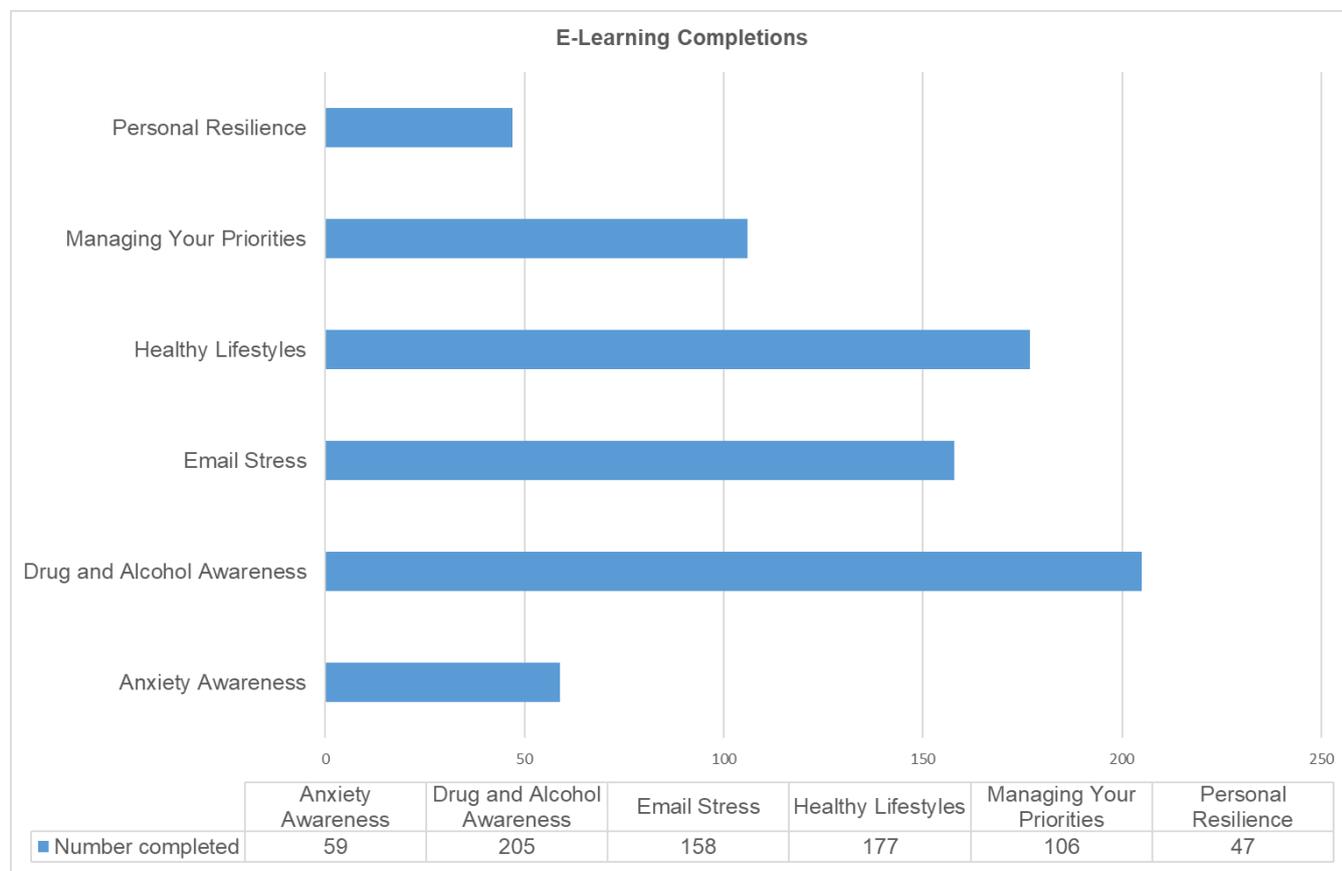
**Table 13 – Social Care Health & Well-being Sessions, April 2020 – March 2021**

| Course                         | Sessions Held | Numbers attended |
|--------------------------------|---------------|------------------|
| Mental Health First Aid        | 2             | 12               |
| i-act Mental Health Awareness  | 2             | 13               |
|                                |               |                  |
| Anxiety Awareness for Managers | 1             | 13               |
| Anxiety Awareness              | 2             | 24               |

E-Learning again proved invaluable during this period, with existing modules being utilised, as well as the more recent launch of the Anxiety Awareness and Personal Resilience modules towards the end of February 2021.

In total there were 752 completions across 6 modules during 2020-21. Completions are broken down per module in Table 8 below, and it is noted that Personal Resilience and Anxiety Awareness completions are naturally lower due to their later launch in comparison to the other modules.

**Table 14 – Health & Well-being E-Learning Completions, April 2020 – March 2021**



Despite the limitations of pandemic, the Learning and Development Team has succeeded in sourcing alternative methods of training delivery in order to ensure that staff are able to continue within their roles in a safe manner.

The inclusion of the various Health and Wellbeing sessions to support staff during this very difficult time have been given high priority and feedback received suggests that these sessions have been well received and welcomed by staff.

## **5 Partnerships**

### **The North Wales Health and Safety Teams**

Limited work has been done between the Corporate Health and Safety Teams in North Wales during the COVID19 crisis. There has been some communication with regard to requests for advice on specific issues relating to COVID19.

A large amount of work carried out during the COVID19 crisis has been to ensure the provision of PPE provided by the Welsh Government. The work done by the PPE Group to oversee this has been key to managing and monitoring supply. The work done by Canolfan Byron staff to ensure the provision of PPE to Ynys Mon County Council staff has been imperative.

### **HSE**

The HSE have carried out some proactive work with regard to COVID19. Six schools on Anglesey were inspected as part of this programme to assess the COVID control measures. During the inspections the HSE did not raise any significant issues. The inspections were carried out jointly with the Assistant Corporate Health and Safety Advisor.

An investigation into the case of HAVS reported to the HSE on 12th December 2018 resulted in an Improvement Notice being issued to Ynys Mon County Council. Compliance with the Notice was completed by 27<sup>th</sup> January 2020 and a letter of confirmation received. Work has continued to monitor the controls implemented as a result of the Improvement Notice. This has included regular meetings between the Chief Executive Officer, Head of Housing Services, Housing Health and Safety Officer and Corporate Health and Safety.

### **Reactive Inspections**

With regard to some reporting of positive COVID tests and possible connection to the work place, follow up inspections have been undertaken by Environmental Health and Corporate Health and Safety.

Follow up inspection carried out at:

Ysgol Uwchradd Bodedern

Ysgol Moelfre

Ysgol y Ffridd

Ysgol Corn Hir

Ysgol Morswyn

## **6 Joint Consultation**

### **Health and Safety Group**

As part of the controls to address COVID19 meetings have been suspended to prevent close contact of staff. A virtual Corporate Health and Safety Group meeting has been held during the COVID19 crisis. The meeting allowed Health and Safety Co-ordinators from services across the whole of the council to share information and experience of control measures and adaptations implemented to deal with the risks from COVID19.

During the easing of restrictions over the year, the council has developed risk assessments for activities and buildings. Human Resources has been in consultation with the Unions through this process.

## **7 Occupational Health Provision**

A bilingual Occupational Health Service is provided by Gwynedd County Council, which is managed by the HR Service. There are just over 450 appointments made available to staff each year. These are allocated via line manager referral or self-referral by the member of staff. There are approximately 200 appointments made available to staff who feel they will benefit from physio, these appointments are made by referral from Occupational Health following a consultation.

## **8 Key Achievements**

### **EMRT**

The Management of the Covid19 crisis by the EMRT could be seen as a key achievement over the year. The ability to set up and maintain a management system and group to oversee all activities with close scrutiny has been successful. This has allowed continued services in some areas, re-opening of services and reallocating resources as required. This has had to include implementing adaptations to provide Covid Secure work and environments across various service sections.

EMRT has enabled communication links and work with external partners on a local, regional and national level.

### **PPE**

Despite the initial difficulties and uncertainties, the continued supply and distribution of PPE through the Covid19 crisis should be considered a key achievement. The setting up and management of a central store for supply of PPE should be considered a successful project of work. The contribution from staff at Canolfan Byron has been significant in achieving this. This was supported in the initial stages by the Property Section.

This has included supply of PPE to organisations outside of the Council.

### **Learning Pool**

The speedy and efficient adaptations to the Learning Pool as a method of providing specific information and training with regard to Covid19 risks and controls should be considered a key

achievement. This has enable staff and external partners to access relevant information which should assist with their health and safety.

## **Staff**

The flexibility and commitment of staff from all services to provide continued services in a safe manner through the crisis should be considered a key achievement. This includes providing new services for example delivery of food parcels or transport of members of the public to medical appointments. Those front line staff have continued to provide high quality services for the people and communities of Anglesey, despite the personal risks to their own safety. The continued services provided by staff working from home should also be recognised.

## **9 Safety Performance**

The scale of work carried out to ensure continued service provision from the Council should not be underestimated. During the period from April 2020 to March 2021 there has been the development of new risk assessment formats, new guidance and new operational plans developed to address the risk from Covid19

Proactive inspections focused on Covid19 controls were carried out by the Corporate Health and Safety Team on all schools and care homes as these were considered the greatest risk.

Specific guidance was developed for the use of PPE and other controls measures to reduce the risk from Covid19.

Every site and activity had to be reassessed to consider the risk from Covid19. This included identifying physical alterations to work places, for example screens, social distancing measures, additional signage and sanitiser dispensers. Site rules for every location had to be considered and addresses. New monitoring procedures were required to assess effectiveness and adherence to the new control measures implemented.

The risk assessment process had to consider which services must be continued such as emergency housing maintenance, enforcement work, provision of care and other essential work. This required the introduction of new controls to maintain staff and client safety.

New work introduced include the provision of accommodation for homeless people, the increased need for food banks and delivery of food parcels. These all required new risk assessment and methods of work.

A full review of transport provision and maintenance was required. The increase of remote / working from home had to be enabled in a safe manner.

During this process, Risk and Insurance and Corporate Health and Safety assessed each risk assessment and working procedure and provided comment to the Re-opening Group before final acceptance by EMRT. This provided tight control over all work activities.

This equated to 482 risk assessment and reviews during the period from April 2020 to 31<sup>st</sup> March 2021. The risk assessment process is a continual process and this work is ongoing with the development of new risk assessments and review to ensure all risk assessments remain current.

Table 15 below provides a guide to the number of risk assessment and reviews and the number of new Corporate Guidance documents developed during the 2020/21 period.

**Table 15 – Number of risk assessments developed, reviewed and number of reviews**

| Site / Activity                            | Number of Site and/or Activities | Number of Risk Assessments | Number of Reviews |
|--------------------------------------------|----------------------------------|----------------------------|-------------------|
| Schools                                    | 46                               | 69                         | 3                 |
| Flying Start                               | 6                                | 14                         | 2                 |
| Libraries                                  | 11                               | 30                         | 2                 |
| Archives                                   | 1                                | 2                          | 2                 |
| Oriel Mon                                  | 3                                | 11                         | 2                 |
| Leisure Centres                            | 4                                | 11                         | 1                 |
| Leisure Activities                         | 3                                | 3                          | 1                 |
| Care Homes / Visit Arrangements            | 5                                | 12                         | 3                 |
| Offices                                    | 4                                | 19                         | 2                 |
| Site / Inspections visits                  | 3                                | 32                         | 1                 |
| Fleet vehicle                              | 3                                | 6                          | 1                 |
| Waste Sites                                | 2                                | 2                          | 1                 |
| Countryside / Maritime                     | 12                               | 12                         | 2                 |
| Toilets                                    | 1                                | 4                          | 2                 |
| Community Activities                       | 12                               | 12                         | 1                 |
| Housing                                    | 10                               | 10                         | 1                 |
| PPE Store                                  | 1                                | 2                          | 1                 |
| General activities / training / placements | 9                                | 9                          | 1                 |
| Totals                                     | 136                              | 260                        | 29                |
| <b>Guidance documents</b>                  |                                  |                            |                   |
| Topics                                     |                                  | Review / Amendments        |                   |
| 18                                         |                                  | 3                          |                   |

There is an expectation for organisations to report certain incidents to the HSE. There are time scales for reporting and reacting to these type of incidents. A performance indicator for the Corporate Health and Safety Team is to react to RIDDOR incidents within five days.

One RIDDOR has been reported during the past twelve months. This was reporting within the time period by the Corporate Health and Safety Team.

There is a requirement to report incidents where contracting COVID19 directly due to a work activity has occurred.

Incidents where persons has shown signs of COVID19 (not confirmed) have been reported to Corporate Health and Safety. These have been mainly in schools and concerned with pupils showing symptoms and being sent home. Each incident may not relate to only one person.

**Table 16 – Number of Covid19 incidents reported**

|                              |     |
|------------------------------|-----|
| Number of Incidents reported | 145 |
|------------------------------|-----|

**10 Strategic Action Plan**

| <b>Strategic Action Plan</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PLAN</b>                  | <p>Corporate Health and Safety Action Plan (CHSAP)<br/>The CHSAP has been developed to address known areas for improvement. Service Health and Safety Action Plans (SHSAP) – The CHSAP will be agreed by SLT</p> <p>SHSAPs should be planned to address known areas for improvement specific to the relevant Service. SHSAP should consider the ongoing management of the Services “business as usual”. The SHSAP will be agreed by the Director or Head of Services for the relevant Service.</p> <p>Due to COVID19 crisis reactive actions will be required. This may be tightening or relaxing restrictions of work or providing new services to assist the community during COVID19 issues.</p> <p>Plans and Risk Assessments will be developed by the relevant Service involved with the work. These Plans and Risk Assessments will be presented to EMRT for consideration and approval before being implemented.</p> |
| <b>DO</b>                    | <p>CHSAP implemented by All Services – actions from the CHSAP will be completed as required. Monitoring of progress will be carried out by means of Services reporting progress to the Corporate Health and Safety Coordinators Group. Progress reports based on information provided in the</p> <p>SHSAP implemented by Relevant Services – actions from the SHSAP will be completed as required. Monitoring of progress will be carried out and reported in the relevant Service Management Team or Health and Safety Group meetings. Services will report progress on their SHSAP to the Corporate Health and Safety Group.</p> <p>Tightening or relaxing restrictions on Services and provision of new/additional services will progress as agreed with EMRT.</p>                                                                                                                                                       |
| <b>REVIEW</b>                | <p>Quarterly reviews will be carried out on progress of the CHSAP by the Corporate Health and Safety Group<br/>The review will consider progress of actions, the effectiveness of actions implemented and possible further action due to changing climate due to COVID19</p> <p>Quarterly reviews will be carried out on progress of the SHSAPs by the relevant Service Management Team or Health and Safety Groups<br/>The review will consider progress of actions, the effectiveness of actions implemented and possible further action due to changing climate due to COVID19</p>                                                                                                                                                                                                                                                                                                                                       |

## **11 Conclusion**

The COVID19 crisis has dominated the work carried out by the council during the year. The formation of the EMRT to oversee the management of the Council during the crisis has enabled the implementation of tight risk controls to address the health risk.

The presentation of plans and risk assessment to EMRT before allowing work to be carried out assisted in ensuring work was carried out in as safest manner as possible. The decision making process allowed for transparent documented assessment of the work carried out.

The presentation of the weekly Situation Reports provided the senior management with a good knowledge of the current status of staff capacity, work carried out and possible areas of concern. The capacity for this type of reporting should be considered or future monitoring of the Council's performance with regard to Health and Safety.

Many parts of the Corporate Health and Safety Action Plan for the year 2020 to 2021 had to be delayed due to dealing with the crisis.

Some work streams developed due to the crisis could be of benefit for the future. The development of the Learning Pool to include access to internal Health and Safety Guidance documents specific to COVID19 could be continued to provide training and information to other Health and Safety topics.

## **12 Recommendation**

The Council should follow the strategic plan for management of Health and Safety and implement the Corporate Health and Safety Action Plan. It is acknowledged that due to the continued situation with COVID19, the actions in the Corporate Health and Safety Action Plan may be delayed or replaced with more urgent actions to address the risk from COVID19.

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## ISLE OF ANGLESEY COUNTY COUNCIL

|                             |                                                      |
|-----------------------------|------------------------------------------------------|
| <b>REPORT TO:</b>           | <b>GOVERNANCE AND AUDIT COMMITTEE</b>                |
| <b>DATE:</b>                | <b>20 JULY 2021</b>                                  |
| <b>SUBJECT:</b>             | <b>ANNUAL TREASURY MANAGEMENT REVIEW FOR 2020/21</b> |
| <b>PORTFOLIO HOLDER(S):</b> | <b>COUNCILLOR R WILLIAMS</b>                         |
| <b>LEAD OFFICER(S):</b>     | <b>R MARC JONES</b>                                  |
| <b>CONTACT OFFICER(S):</b>  | <b>JEMMA ROBINSON<br/>(EXT. 2675)</b>                |

### **Nature and reason for reporting**

To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2020/21 (Appendix 8 of the Treasury Management Strategy Statement 2020/21). In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this Committee.

### **1. Introduction**

The Council is required, by regulations issued under the Local Government Act 2003, to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2020/21, the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 10 March 2020);
- a mid-year treasury update report (received on 9 March 2021);
- an annual review following the year describing the activity compared to the strategy (this report).

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

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance & Audit Committee before they were reported to the full Council. Member training on treasury management issues was undertaken during the financial year 2019/20 in order to support Members' scrutiny role.

The Section 151 Officer confirms that borrowing was only taken out for capital purposes and the statutory borrowing limit (the authorised limit) was not breached.

Furthermore, the report sets out the following outcomes in the financial year 2020/21:-

- External factors – including a review on the economy, the interest rate performance during the year and the continued uncertainty over Brexit and the impact of Covid 19;
- Internal factors – including the performance of capital expenditure, the impact on the reserves and cash balances, risk appetite to investments, the borrowing taken by the Council and the impact on the Capital Financing Requirement (CFR);

- The Treasury Management Strategy in 2020/21 – including the debt management of the Council, the implementation of the new MRP policy, and the Councils borrowing and investments during the year;
- Controlling Treasury Management – what are the Prudential Indicators and how are they measured;
- Comparison in Prudential Indicators – a comparison on the actual Prudential Indicators compared to the forecast at the beginning of the year;
- Looking forward to 2021/22 and beyond; and
- Conclusion.

## 2. A Review of the Year – External Factors

**2.1 Interest Rates** - The Bank Rate was cut from 0.75% to 0.25% and then to 0.10% in March 2020 and remained unchanged all throughout the 2020/21 financial year.

**2.2 The Economy** – United Kingdom - the 2020/21 financial year will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but, by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so there was much less damage than was caused in the first one. The advent of vaccines, starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is, therefore, expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.

Both the Government and the Bank of England took rapid action in March 2020, at the height of the crisis, to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

The Monetary Policy Committee (MPC) cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020, and embarked on a £200bn programme of quantitative easing (QE) (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased the QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

The key addition to the Bank's forward guidance in August 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. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern to the MPC.

The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures, and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 2020/21 and 2021/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 3 March 2021 increased fiscal support to the economy and employment during 2021 and 2022, followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget, on a current expenditure and income basis, in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

- 2.3 Brexit** - The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade, so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

### 3. A Review of the Year – Internal Factors

- 3.1 Capital Expenditure and financing 2020/21** - The Council undertakes capital expenditure on long-term assets. These activities may either be:-

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

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

|                                                               | 2020/21<br>Estimate<br>(£'m) | 2020/21<br>Actual<br>(£'m) |
|---------------------------------------------------------------|------------------------------|----------------------------|
| General Fund capital expenditure                              | 39                           | 20                         |
| HRA capital expenditure                                       | 19                           | 13                         |
| <b>Total capital expenditure</b>                              | <b>58</b>                    | <b>33</b>                  |
| General Fund financed in year by Grants & Contributions       | 23                           | 16                         |
| HRA financed in year by Grants & Contributions                | 3                            | 5                          |
| General Fund financed in year by Council Resources            | 1                            | 2                          |
| HRA financed in year by Council Resources                     | 16                           | 7                          |
| <b>General Fund capital expenditure financed by borrowing</b> | <b>15</b>                    | <b>3</b>                   |
| <b>HRA capital expenditure financed by borrowing</b>          | <b>0</b>                     | <b>0</b>                   |

The main reason for the underspend was the large underspend against the projects listed below:-

| <b>Scheme</b>                             | <b>Underspend<br/>£'m</b> | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refurbishment of school buildings         | 1.419                     | In the latter part of 2020/21, the Authority was awarded £1.183m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2020/21, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital works in 2021/22. |
| Disabled Facilities Grants                | 0.392                     | It is very much demand led and subject to certain qualifying criteria, in particular, a test of resources does apply to all potential clients which can negatively impact on the number of cases that proceed to grant approval.                                                                                                                                                        |
| 21 <sup>st</sup> Century School Schemes   | 6.800                     | Further consultation delayed the commencement of the chosen schemes. However, works are due to commence on site in early 2021/22 for the Final Band A scheme.                                                                                                                                                                                                                           |
| Waste Contract                            | 2.199                     | Delays in the delivery of some fleet vehicles has meant this will slip into 2021/22. Final delivery of remaining vehicles expected in early 2021/22.                                                                                                                                                                                                                                    |
| Tourism Gateway                           | 1.016                     | Delays in the tendering arrangements meant that works had to be retendered in quarter 4. This is an ongoing scheme with a new budget allocation in the 2021/22 capital programme.                                                                                                                                                                                                       |
| Various Flood schemes                     | 1.893                     | Some schemes are ongoing and span across different financial years. Others have seen delays and time extensions for completion agreed by Welsh Government to carry forward the funding.                                                                                                                                                                                                 |
| Holyhead Regeneration (THI Phase II)      | 0.866                     | Various delays throughout the year meant projects did not progress at the pace originally intended, which resulted in such a large variance to budget. New budget allocation for 2021/22.                                                                                                                                                                                               |
| Residential Site for Gypsies & Travellers | 0.493                     | Work is ongoing to redesign the scheme to reduce the costs in order to match the available funding.                                                                                                                                                                                                                                                                                     |
| IT Projects                               | 0.292                     | Delays experienced due to Covid and also items requiring renewal were lower than anticipated.                                                                                                                                                                                                                                                                                           |
| Capital works to existing assets          | 0.255                     | Delays experienced due to lack of tender response but works currently on site and progressing.                                                                                                                                                                                                                                                                                          |
| Leisure Improvements                      | 0.243                     | Due to closure of leisure centres for most of the year and the management team moving to support Covid work, projects did not move forwards. Projects are in the pipeline and works are planned to continue in 2021/22.                                                                                                                                                                 |
| Childcare capital grant                   | 0.523                     | Other school sites have yet to be completed and Welsh Government have granted an extension to March 2022 to spend the remaining grant.                                                                                                                                                                                                                                                  |

**3.2 Reserves and Cash balances** - The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:-

| <b>Usable Reserves and Provisions</b>       | <b>Draft<br/>31-Mar-21<br/>£'m</b> | <b>Final<br/>31-Mar-20<br/>£'m</b> |
|---------------------------------------------|------------------------------------|------------------------------------|
| Council Fund general reserve                | 11.594                             | 7.060                              |
| Earmarked reserves                          | 14.079                             | 8.760                              |
| Housing Revenue Account (HRA) reserve       | 9.743                              | 8.597                              |
| School reserves                             | 4.015                              | 0.197                              |
| Capital receipts Reserves                   | 0.767                              | 1.330                              |
| <b>Total Usable Reserves</b>                | <b>40.198</b>                      | <b>25.944</b>                      |
|                                             |                                    |                                    |
| <b>Provisions</b>                           | <b>5.047</b>                       | <b>5.180</b>                       |
|                                             |                                    |                                    |
| <b>Total Usable Reserves and Provisions</b> | <b>45.245</b>                      | <b>31.124</b>                      |

**3.3 Externalisation of borrowing** – The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and the resources utilised to pay for the capital spend. It represents the 2020/21 capital expenditure financed by borrowing, and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the Treasury Service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council. There was no externalisation of borrowing in 2020/21 financial year.

**3.3.1 Gross borrowing and the CFR** - In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

The internal borrowing strategy has now been implemented over the last few years. The gross borrowing of £124.5m at 31 March 2021 is less than the forecast CFR for the following two years.

|                               | <b>Actual<br/>2020/21<br/>£'m</b> | <b>Estimated<br/>2021/22<br/>£'m</b> | <b>Estimated<br/>2022/23<br/>£'m</b> |
|-------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Capital Financing Requirement | 136.6                             | 146.1                                | 157.6                                |

**3.3.2 Internal borrowing** - is when, over the medium term, the investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt. This would maximise short term savings. The Internal borrowing figure is the difference between the CFR and the Gross Borrowing Position. As can be seen in the table below, at the beginning of the year the internal borrowing position was overfunded £2.3m. By repaying the £10m short term PWLB loan taken out in March 2020, and no other new loans taken out in the 2020/21 financial year, the internal borrowing position at 31 March 2021 is now £12.1m:-

|                                        | 31 March 2020<br>Actual<br>£'m | 31 March 2021<br>Actual<br>£'m |
|----------------------------------------|--------------------------------|--------------------------------|
| Gross borrowing position               | 139.2                          | 124.5                          |
| CFR                                    | 136.9                          | 136.6                          |
| (Underfunding) / overfunding<br>of CFR | 2.3                            | (12.1)                         |

**3.4 Other Borrowing** - During the year, the Council did not enter into any other short-term borrowings.

**3.5 Debt Repayments** – There were three PWLB loans that matured during the year. £3.5m matured 8 June 2020. The loan was originally taken in February 1995 at an interest rate of 8.625%. £1.0m matured 18 January 2021. The loan was originally taken in May 1995 at an interest rate of 8.5%. £10.0m matured 18 March 2021. The loan was originally taken in March 2020 at an interest rate of 2.05%. There are no short term borrowings outstanding.

**3.6 Investments** – The expected investment strategy was to keep to shorter term deposits (up to 364 days), although the ability to invest out to longer periods was retained. Cash balances were expected to be up to £57m, ranging between £25m and £57m. The interest budget was set at £0.053m after adjusting for the estimated potential rate fall in 2020/21 at the time of producing the budget. As it turned out, average balances of £43.7m returned £0.035m at an average interest rate of 0.079%. Limited investments in other Local Authorities, and interest rates dropping to below what was anticipated at the time of producing the budget, contributed to this decrease in interest receivable. Investment returns, which had been low during 2019/20, plunged during 2020/21 to near zero. Most local authority lending managed to avoid negative rates. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75% before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

On 24 April 2020, a £3.0m investment with Stockport Metropolitan Council matured and was repaid to the Isle of Anglesey County Council. On 1 May 2020, a £3.0m investment with Salford City Council matured and was repaid to the Isle of Anglesey County Council.

Part of the Council's deposits were held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £20.066m at 0.03% on 31 March 2021 (31 March 2020 £14.208m at 0.48%). There was one loan to another local authority as at 31 March 2021 - £5.0m at an interest rate of 0.15% (£3m at 0.76% and £3m at 0.90% as at 31 March 2020). All investments were for under 1 year.

**3.7 Treasury Position at 31 March 2021** – The Council's debt and investment position is organised by the Treasury Management Service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2020/21. The upper limits for fixed rate and variable rate exposures were not breached during the year. The borrowing and investment figures for the Council as at the end of the 2019/20 and 2020/21 financial years are as follows:-

|                                                                        | 31 MARCH 2020 |                  |                          | 31 MARCH 2021 |                  |                          |
|------------------------------------------------------------------------|---------------|------------------|--------------------------|---------------|------------------|--------------------------|
|                                                                        | £'m           | Average Rate (%) | Average Maturity (years) | £'m           | Average Rate (%) | Average Maturity (years) |
| Debt PWLB                                                              | 136.4         | 4.53             | 28.21                    | 121.9         | 4.59             | 30.57                    |
| Debt Non-PWLB                                                          | 2.8           | 0                | 4.04                     | 2.6           | 0                | 3.93                     |
| <b>Total</b>                                                           | <b>139.2</b>  |                  |                          | <b>124.5</b>  |                  |                          |
| CFR                                                                    | 136.9         |                  |                          | 136.6         |                  |                          |
| Over / (under) borrowed                                                | 2.3           |                  |                          | (12.1)        |                  |                          |
| Fixed term investments (all < 1 year, managed in house and fixed rate) | 6.000         | 0.83             |                          | 5.000         | 0.15             |                          |
| No notice investments (all managed in house)                           | 14.208        | 0.48             |                          | 20.066        | 0.03             |                          |
| <b>Total Investments</b>                                               | <b>20.208</b> | <b>0.58</b>      |                          | <b>25.066</b> | <b>0.06</b>      |                          |

Borrowing is further broken down by maturity as:-

|                                | 31 MARCH 2020 |            | 31 MARCH 2021 |            |
|--------------------------------|---------------|------------|---------------|------------|
|                                | £'m           | % of total | £'m           | % of total |
| Total borrowing                | 139.2         | 100        | 124.5         | 100        |
| Under 12 months                | 14.8          | 10.6       | 0.3           | 0.2        |
| 12 months and within 24 months | 2.6           | 1.9        | 5.1           | 4.1        |
| 24 months and within 5 years   | 3.2           | 2.3        | 4.5           | 3.6        |
| 5 years and within 10 years    | 6.2           | 4.5        | 4.8           | 3.9        |
| 10 years and above             | 112.4         | 80.7       | 109.8         | 88.2       |

There have been no new borrowings taken out in the year (long or short term) and debt repayments have been as described in point 3.5 above. Therefore, the movement in the categories above are simply as per the loan maturity dates.

#### 4. The Council's Treasury Management Strategy in 2020/21

- 4.1 Debt rescheduling** - No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 4.2 Borrowing in advance of need** – During the year, the Council did not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed.
- 4.3 Investment Policy** – The Council's investment policy is governed by Welsh Government investment guidance, which has been implemented in the annual Treasury Management Strategy Statement approved by the Council on 10 March 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. When the Council invests its surplus cash, the most important aspect of the investment is security, followed by liquidity and then the yield. This essentially means that the main priority is the safety of the cash, followed by how readily available the cash is should the Council require it followed by the percentage interest rate return that the Council will receive for the investment. The strategy on investing surplus cash would be to borrow short term with other Local Authorities to maximize returns in a secure way.

**4.4 Borrowing strategy and control of interest rate risk** - During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered

**4.5 MRP Policy** – In 2018/19, the Council implemented its new MRP policy after seeking advice from its Treasury advisors and consultation with External Audit. The new policy is a more prudent approach to charging Revenue for Capital Financing costs. The new policy can be seen in Appendix 6 of the Treasury Management Strategy Statement 2020/21 that was approved by full Council on 10 March 2020.

## **5. Controlling Treasury Management**

The following Prudential indicators are contained in Appendix 11 of the Treasury Management Strategy Statement. See below a brief explanation of what the indicators are and how they are calculated. Section 6 of this report analyses the differences between the Actual and the forecast Prudential Indicators for 2020/21.

- **Capital expenditure – Estimates of Capital Expenditure** - This is the forecast Capital Expenditure from 2020/21 to 2023/24, and is based on the Capital Programme for 2020/21 and the Capital Strategy for 2021/22.
- **The Council's borrowing need (the Capital Financing Requirement)** - Another prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- **Prudence - Gross Debt and the CFR** - The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- **External Debt - The authorised limit for external debt** - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report. The Authorised Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.

- **The operational boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. The Operational Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **Affordability - Ratio of financing costs to net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

## 6. Prudential Indicators Actual vs Expected

6.1 During 2020/21, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

| Data for actual prudential and treasury indicators          | 2019/20<br>Actual<br>£'m | 2020/21<br>Original<br>£'m | 2020/21<br>Actual<br>£'m |
|-------------------------------------------------------------|--------------------------|----------------------------|--------------------------|
| <b>Capital expenditure</b>                                  |                          |                            |                          |
| • Non-HRA                                                   | 18.203                   | 19.765                     | 20.507                   |
| • HRA                                                       | 11.812                   | 17.138                     | 12.622                   |
| • <b>Total</b>                                              | <b>30.015</b>            | <b>36.903</b>              | <b>33.129</b>            |
| <b>Total Capital Financing Requirement</b>                  |                          |                            |                          |
| • Non-HRA                                                   | 96.906                   | 108.536                    | 97.359                   |
| • HRA                                                       | 39.998                   | 39.449                     | 39.199                   |
| • <b>Total</b>                                              | <b>136.904</b>           | <b>147.985</b>             | <b>136.558</b>           |
| <b>Gross borrowing</b>                                      | 139.232                  | 134.093                    | 124.523                  |
| <b>External debt</b>                                        | 139.232                  | 134.093                    | 124.523                  |
| <b>Investments</b>                                          |                          |                            |                          |
| • Longer than 1 year                                        | 0                        | 0                          | 0                        |
| • Under 1 year                                              | 20.208                   | 15.000                     | 25.066                   |
| • <b>Total</b>                                              | <b>20.208</b>            | <b>15.000</b>              | <b>25.066</b>            |
| Financing costs as a proportion of net revenue stream – CF  | 4.96%                    | 5.15%                      | 4.80%                    |
| Financing costs as a proportion of net revenue stream – HRA | 19.01%                   | 17.16%                     | 16.34%                   |

6.2 The first Prudential Indicator in the above table is the Capital Expenditure. The forecast Capital Expenditure at the time of producing the Prudential Indicators for 2020/21 was £36.903m. However, the actual expenditure was £33.129m. The reason for the reduced expenditure is explained in paragraph 3.1 of this report, and is mainly due to the significant underspend in capital projects described.

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

- the application of additional capital financing resources (such as unapplied capital receipts); or

- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The forecast CFR at the time of producing the Prudential Indicators for 2020/21 was £147.985m. However, the actual CFR was significantly lower at £136.558m. One of the reasons for the reduced CFR was the underspend in the 21<sup>st</sup> Century Schools programme, thus reducing the amount of Unsupported Borrowing needed in 2020/21. Another reason was that additional grants were awarded during the year to subsidise other funding sources such as Supported Borrowing. This meant less Supported Borrowing was needed and, therefore, reducing the CFR figure. However, in future years, this subsidised funding source will be used to fund the Capital Expenditure in 2021/22 and will increase the CFR.

- 6.4** The Authorised Borrowing Limit (£183m) and the Operational Boundary (£178m) were not breached during the year, with the amount of External debt peaking at £139.2m only.
- 6.5** The financing costs as a proportion of net revenue stream for the General Fund (4.80%) was very close to the anticipated total (5.15%), meaning this indicator performed as expected, and also in line with the prior year. The financing costs as a proportion of net revenue stream for the HRA (16.34%) was below the anticipated total (17.16%) which is due to the financing costs being lower and the net revenue stream also being lower than expected at the time of producing the proposed indicator for 2020/21. The underspend on HRA reduced the amount of Revenue contributions needed to fund the capital programme in 2020/21 from £16.1m to £7.2m.

## 7. Looking forward to 2020/21 and beyond

- 7.1** On 9 March 2021, the full Council approved the Treasury Management Strategy Statement for 2021/22. The Strategy Statement was based on the Capital Strategy and it is forecast that the Council will need to borrow an additional £7.6m in 2021/22 for the General Fund and HRA, a total of £15.7m in 2022/23 and a further total of £19.0m in 2023/24 to fund its Capital Programme. This additional borrowing will affect the General Fund with an increased Minimum Revenue Provision (MRP) being charged to fund the capital financing costs. In 2021/22, the forecast MRP is £4.2m, in 2022/23 £4.3m and £4.6m in 2023/24.
- 7.2** On 18 June 2021, a £5.0m investment with Flintshire County Council matured and was repaid to the Isle of Anglesey County Council.
- 7.3** On 23 June 2021, the Isle of Anglesey County Council invested £5m with Flintshire County Council with an interest rate of 0.03%. The investment is for 3 months.
- 7.4** There are no borrowings from the PWLB due to mature in the financial year 2021/22.
- 7.5** The latest interest rate forecast from Link Assets Services can be seen in the table below:-

| Link Group Interest Rate View |        | 8.3.21 |        |        |        |        |        |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
| BANK RATE                     | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   |

## 8. Conclusion

The Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.

The performance against the Prudential Indicators set by the Council show that the Council's Treasury Management activities are being undertaken in a controlled way which ensure the financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.

The Council's Treasury Management Strategy and its performance against the strategy take into account the external economic factors and it is constantly reviewed to ensure that it is the most appropriate strategy moving forward.

## **RECOMMENDATIONS**

The Committee is recommended to:-

- (i)** Note that the outturn figures in this report will remain provisional until the audit of the 2020/21 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in this report will be reported as appropriate;
- (ii)** Note the provisional 2020/21 prudential and treasury indicators in this report;
- (iii)** Consider the annual treasury management report for 2020/21 and pass on to the next meeting of the Executive with any comments.

### **Background papers:**

Treasury Management Strategy Statement 2020/21  
Prudential and Treasury Indicators 2020/21  
Treasury Management Mid-Year Review Report 2020/21  
Capital Outturn Report 2020/21

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| <b>ISLE OF ANGLESEY COUNTY COUNCIL</b>                                                                                                                                                                                  |                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report to:</b>                                                                                                                                                                                                       | Governance and Audit Committee                                                                                                                                 |
| <b>Date:</b>                                                                                                                                                                                                            | 20 July 2021                                                                                                                                                   |
| <b>Subject:</b>                                                                                                                                                                                                         | Annual Counter Fraud, Bribery and Corruption Report 2020-21                                                                                                    |
| <b>Head of Service:</b>                                                                                                                                                                                                 | Marc Jones, Director of Function (Resources) and Section 151 Officer<br>01248 752601<br><a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a> |
| <b>Report Author:</b>                                                                                                                                                                                                   | Marion Pryor, Head of Audit and Risk<br>01248 752611<br><a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>                             |
| <b>Nature and Reason for Reporting:</b><br>The Public Sector Internal Audit Standards require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120). |                                                                                                                                                                |

## 1. Introduction

- 1.1. This report presents the activity carried out during 2020-21 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. This supports the requirements of the Public Sector Internal Audit Standards, 2018 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
- 1.3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
- 1.4. The report highlights some of the current and emerging areas of fraud risk, including those related to the Covid-19 pandemic, and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud.

## 2. Recommendation

- 2.1. That the Committee considers and comments on the activity carried out during 2020-21 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.



# ANNUAL COUNTER FRAUD, BRIBERY & CORRUPTION REPORT 2020-21

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July 2021

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## INTRODUCTION

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This supports the requirements of the Public Sector Internal Audit Standards, 2018 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).

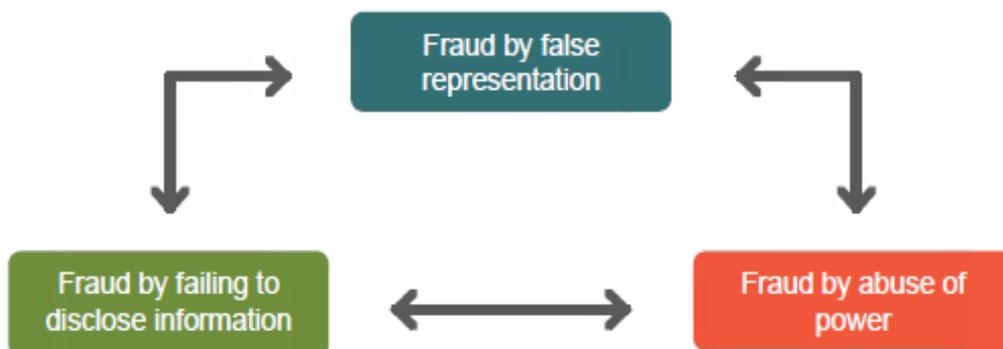
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The report highlights some of the current and emerging areas of fraud risk, including those related to the Covid-19 pandemic, and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud.

## WHAT IS FRAUD?

The term 'fraud' typically describes activities such as theft, corruption, money laundering, conspiracy, bribery and extortion. Before enacted within law, it was generally accepted that fraud was a broad legal concept that generally referred to an intentional act committed to secure an unfair or unlawful gain and was covered within a variety of other criminal legislation, such as the Theft Act 1968.

However, since then, in the UK, fraud has become a criminal offence in its own right; the Fraud Act 2006 sets out three ways in which the crime can be committed:



The following definition is advocated by the CIPFA Counter Fraud Centre:

**Fraud is an acquisitive crime that involves stealing (theft) by means of some form of deception or misrepresentation.**

## WHY IS COUNTERING FRAUD IMPORTANT?

Fraud continues to pose a major financial threat for councils, with no sign of slowing down. It can affect its reputation and divert funding from vital public services, undermining public trust, financial sustainability and organisational efficiency. In addition, fraud, money laundering and terrorist financing, as well as bribery and corruption have grown enormously to become a global blight that challenges national governments and private industry alike.

CIPFA, in its latest National Fraud and Corruption Tracker (2020) report recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. It quotes the Annual Fraud Indicator 2017, which provides the last set of government sanctioned estimates, and states that fraud costs the public sector at least £40.3bn annually, with £7.3bn of this total being lost in local government.

Successful counter fraud activity is about much more than just saving money. These illegitimate activities can undermine public trust - and the social licence that is essential for organisations to operate effectively. When councils take effective counter fraud measures they rebuild this public trust, and ensure that scarce funds are used effectively.

In Wales, the Auditor General's recent report (2019) highlighted that Welsh public services could be losing anything up to £1 billion a year to fraud. At a time of austerity, it is more important than ever for all public bodies in Wales to seek to minimise the risks of losses through fraud.

CIPFA argues that

**“leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management”.**

# CURRENT CONTEXT

## Wales-wide arrangements for counter fraud

Following the transfer of fraud investigators from Local Government to the Department for Works and Pensions in 2014, most councils in Wales, including the Isle of Anglesey County Council, no longer have a dedicated council-wide counter-fraud resource, and instead, Internal Audit has been designated the counter-fraud role in the Council.

A recent review of counter-fraud arrangements across the public sector by the Auditor General reported that:

- The resources devoted to counter-fraud activity vary widely across the public sector in Wales
- NHS Wales invests extensively in both national and local counter-fraud activity
- Welsh Government activity prioritises investigation, rather than prevention
- across local government in Wales, counter-fraud resourcing arrangements differ markedly from council to council and there is no all-Wales team responsible for local government counter-fraud activities or any overarching strategy or policy framework.

Currently, there is no overarching group or professional network that specifically promotes counter-fraud in local government. To fill this gap, in north Wales, a sub-group of the North and Mid Wales Audit Partnership has recently been formed to share and drive good practice in relation to counter fraud.

## CURRENT AND EMERGING FRAUD RISKS

UK Councils reported that approximately 47,000 instances of fraud had been detected or prevented in 2019-20. Council tax fraud represents almost two-thirds (65%) of these identified instances of fraud with an estimated value of £35.9m, followed by disabled parking concession (Blue Badge Scheme) and housing fraud which represent 17% and 11% of the total cases of UK estimated public sector fraud, respectively.

The impact of grant fraud (prior to the Covid-19 grant disbursement), represents 0.3% of the total identified instances of UK public sector fraud and 15% of the total value (£36.6m).

The largest growing fraud area in the UK is housing tenancy, with an estimated £60.1m lost in 2019-20 compared to £47.7m in 2018-19. The Head of Housing Services has assessed that, generally, tenancy fraud is low in Anglesey. However, an awareness raising article was included within a newsletter circulated to all tenants informing them of what to do if they suspected anything in a neighbouring property and the Service's Housing Management Officers have undertaken tenancy fraud training.

Council tax single person discount (SPD) is the next largest growing fraud area in the UK, which has an estimated increase of £9.6m to an estimated value of £29.0m for cases detected/prevented in 2018-19. The Council uses an external company to review and validate its SPD claims on a periodic basis to identify claims at risk of fraud and error. The last exercise in August 2018 identified £340,347 of errors, with an error rate of 4.3%.

The two highest perceived fraud risk areas for 2019-20 are the same as last year: procurement and council tax SPD. This shows these are the areas that require strict controls and support. 'Fraud by abuse of power' is one of three ways the Fraud Act 2006 says fraud can be committed. This is relevant to officers who authorise, manage, and monitor contracts with the private sector. The Council accepts this is an area that needs to be strengthened across the Council, and we do not have a consistent system or approach. We will therefore be undertaking a review of the Council's vulnerability to procurement fraud during 2021-22.

The perceived third, fourth and fifth highest fraud risk areas in the UK are business rates, adult social care and council tax reduction (CTR) respectively.

# ASSESSMENT OF COUNTER FRAUD ARRANGEMENTS AT ISLE OF ANGLESEY COUNTY COUNCIL

CIPFA endorses a common set of principles across the public services to improve counter fraud practice, set out in its Code of Practice on Managing the Risk of Fraud and Corruption (2014). Using this code as a benchmark, an assessment against the five principles was carried out and a high-level summary of the results appears below.

## Acknowledge responsibility

The first principle of the Code advocates that the governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.

Specifically, the Senior Leadership Team (SLT) has acknowledged the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users by the inclusion of fraud in its corporate risk register:

- YM46: Risk of fraud against the Council

The documents expected in a council's counter fraud response are available on the Council's intranet, although they have not been specifically promoted within the organisation.

A comprehensive programme of policy refreshment, counter fraud awareness raising and an eLearning package will be delivered as part of the Counter Fraud Strategy for 2021-22.

## Identification of fraud and corruption risks

The second principle advocates fraud risk identification as essential to understanding specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

The Code supports the consideration of fraud and corruption risks as business risks and for them to be managed as part of the organisation's risk management process.

The Council has a mature risk management process, and fraud risk has been formally considered and assessed as part of the corporate risk management process, culminating in YM46 on the corporate risk register, as discussed above.

This has helped the Council to formalise its fraud response. This also helps to ensure the Council's response to risks is proportionate, and to avoid 'over the top' or lax reactions to risk.

A counter fraud working group will be developed during 2021-22 to help identify fraud risk across the Council.

## **Counter fraud and corruption strategy**

The third principle advocates that organisations need a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.

The Council has a Policy for the Prevention of Fraud and Corruption, which is reviewed and approved annually as part of the Constitution.

However, it does not have a strategy. A clearly defined strategy, approved at the highest level and focused on outcomes, will help to ensure that the risk of fraud and corruption is taken seriously in the Council.

Following the setting up of a counter fraud working group to identify fraud risk across the Council, a counter fraud, corruption and bribery strategy will be developed to address these risks and will be submitted to the December 2021 meeting of the Governance and Audit Committee.

## **Provision of resources**

The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy.

In the past, there has been a lack of investment and the application of resources within the Council towards counter fraud arrangements. However, more recently, a commitment to minimise the risk of fraud and corruption is clearly demonstrated by the addition of a resource within Internal Audit and Risk Management to undertake work on the National Fraud Initiative

data matching exercise. Although it will not be a dedicated counter fraud professional, it will allow high-risk matches to be explored.

## Take action

The final principle advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud. It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity. Irrespective of the size of activities of an organisation, however, the organisation needs to take appropriate action and report on that action to its governing body.

A framework of policies exists, as recommended by the guidance, and policy acceptance software tracks staff's acceptance and understanding of the policies. The following policies were pushed out to staff for them to confirm their knowledge and understanding:

### Officers' Code of Conduct and Local Guidance

| Date From  | As at      | Compliance Rate  | Current Status      |
|------------|------------|------------------|---------------------|
| 08/04/2019 | 17/07/2019 | 94% (917 of 971) | Archived 12/03/2021 |
| 15/03/2021 | 27/04/2021 | 85% (819 of 961) | Live                |
|            | 22/06/2021 | 905              |                     |

### Whistleblowing Policy and Guidance

| Start Date | As at      | Compliance Rate                                     | Current Status      |
|------------|------------|-----------------------------------------------------|---------------------|
| 03/06/2019 | 16/07/2019 | 89% (855 of 960)                                    |                     |
|            | 21/05/2021 | 979                                                 | Archived 21/05/2021 |
| 24/05/2021 | 22/06/2021 | 679 - 6-week compliance period closes on 05/07/2021 | Live                |

Compliance reports based on the initial six weeks are considered by SLT but the policies are still available for acceptance in the system. This allows staff who have not completed a policy on time, for whatever reason, to catch up. This also ensures that the core set of policies are assigned within 24 hours to any new staff added to Active Directory service groups.

The latest compliance data for both policies will be included in the report scheduled to go to the Governance and Audit Committee on 20 September 2021.

The best way to fight fraud is to share knowledge and raise awareness. Therefore, the Council held three fraud awareness raising events during 2020-21:

- Fraud Prevention Training session - 30 members of staff attended
- 'Fraud and Scams - How to Stay Safe' - two sessions held with 31 and 33 members of staff attending respectively

These included a review of the most common types of cyber enabled fraud along with providing plenty of practical advice including:

- Top threats - Email Scams and Invoice Redirection
- The role of social engineering in most common fraud types
- Financial Malware and Phishing
- Smishing and Vishing
- Hints and tips on how to stay safe online

The Chief Executive also issued a general email to all staff in April 2020 to remind staff of the 'Do and Don't' of cybercrime.

Internal Audit has shared National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year.

All fraud occurrences reported to Internal Audit, including outcomes and lessons to be learned, are reported to the Governance and Audit Committee and the Senior Leadership Team.

## FRAUD ATTEMPTED AGAINST THE COUNCIL DURING 2020-21

2020-21 was a year of unprecedented challenges, as the Covid-19 pandemic dramatically transformed our everyday lives and lockdown restrictions significantly impacted on the economy.

During 2020-21, two 'malicious redirection' frauds, also known as mandate frauds (when someone impersonates a third party such as a supplier) were reported to Internal Audit. The first involved a supplier's email system being hacked. The Council received an apparently genuine request from the supplier, via email, for its bank details to be changed. The Council changed the bank details and paid two invoices using the fraudulent bank details. Fortunately, the recipient bank's fraud team identified the account as fraudulent and notified the Council's bank, and the majority of the payment was successfully seized.

The bank provided two counter fraud training sessions for Council staff to raise awareness of fraud and what to look out for, particularly during the emergency, in their personal lives and at work. This training was timely as shortly afterwards a Payroll Officer received an email from a member of staff asking for their bank account details to be changed. Having been alerted to this type of fraud, the Payroll Officer queried the request and it was discovered that the email address had been 'spoofed', thus averting the fraud.

As a result of these attempted frauds, Internal Audit undertook two audits of the Creditors section - Supplier Maintenance, and the Identification and Recovery of Duplicate Payments. Both were issued with Limited Assurance and Issues/Risks were raised for management to address. Action plans have been developed and a project is in place to address the Issues/Risks raised.

The Grants Team also detected and stopped a number of attempted fraudulent Covid-19 business grant applications before payment. There is currently no system for services to report potential frauds that have been identified and stopped. The Counter Fraud Working Group will address this issue during 2021-22.

## CONCLUSION

Some level of public sector fraud is likely, even in normal times, but 2020-21 was a year of unprecedented challenges, as the Covid-19 pandemic dramatically transformed the work of the Council, the lives of its staff and lockdown restrictions significantly impacted on the economy.

The planned work to improve the Council's counter fraud arrangements were put on hold while the team supported the Council's response to the pandemic. However, the redeployment of one member of the Internal Audit team to the team distributing Covid-19 business grants helped to ensure a rigorous and robust challenge to the payment of these critical grants, an area particularly vulnerable to fraud during crises because of the volume of money involved and the speed with which it needed to be distributed.

The Council itself was the victim of mandate fraud, but the swift intervention of the bank reduced the financial loss suffered by the Council. Fraud awareness raising events successfully averted a second attempt.

As managers of public resources, every public sector organisation has a responsibility to fight fraud and corruption. Successful organisational efforts to prevent, identify and manage various types of fraud not only strengthens the state of public finances, but also mitigates moral and reputational risks across the public sector.

The effective management of fraud and corruption risks is a critical part of an effective, modern council, one that manages its resources efficiently to secure value for money outcomes.

## CHALLENGES AND OPPORTUNITIES GOING FORWARDS

Nationally, capacity, or sufficient counter fraud resource, is the main perceived issue that needs to be addressed to tackle the risk of fraud and corruption effectively.

Huge increases in the number of people working remotely presents an opportunity for criminals to commit fraud, whether this involves offers of help to fix devices so that they can gain access to the Council network, or by impersonation or hacking to maliciously redirect payments.

The government, law enforcement, security agencies, regulators and the private sector are continuing to work together to protect the public and businesses from all types of fraud. Fraud is incredibly hard to predict and while they are monitoring crime trends carefully, the most important thing is to get the message out to staff and to the general public to be aware, and to be alert.

Therefore, a comprehensive programme of counter fraud awareness raising, via eLearning and the refreshing of policies will be the cornerstone of the fraud prevention strategy for 2021-22.

There is also a clear need for a tough stance supported by elected members, chief executives and those charged with governance. Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation will be critical.

Finally, the behaviours and actions of individuals play a crucial role in tackling fraud risks. We must all, staff and members alike, play our part in creating a culture hostile to the risks of fraud and corruption, clearly setting out the line between acceptable and unacceptable behaviour within the Council.

## APPENDIX 1 – DOCUMENTS REVIEWED

- The Public Sector Internal Audit Standards, March 2017
- The Accounts and Audit (Wales) Regulations 2014
- Fraud - The Facts 2021, UK Finance
- CIPFA Fraud and corruption tracker, National Report 2020 (February 2021)
- Fighting Fraud and Corruption Locally, A Strategy for the 2020s
- Review into the risks of fraud and corruption in local government procurement, Ministry of Housing, Communities and Local Government, June 2020
- 'Raising Our Game' Tackling Fraud in Wales, Report of the Auditor General for Wales, July 2020
- Counter-Fraud Arrangements in the Welsh Public Sector, An Overview for the Public Accounts Committee, Auditor General for Wales, June 2019

| <b>ISLE OF ANGLESEY COUNTY COUNCIL</b>                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adroddiad i:<br/>Report to:</b>                                                                                                                                                                                                                                                                                                                                                                          | Governance and Audit Committee                                                                                                                                   |
| <b>Dyddiad:<br/>Date:</b>                                                                                                                                                                                                                                                                                                                                                                                   | 20 July 2021                                                                                                                                                     |
| <b>Pwnc:<br/>Subject:</b>                                                                                                                                                                                                                                                                                                                                                                                   | An Update on the Internal Audit Strategy and Priorities for 2021-22                                                                                              |
| <b>Pennaeth<br/>Gwasanaeth:<br/>Head of Service:</b>                                                                                                                                                                                                                                                                                                                                                        | Marc Jones<br>Director of Function (Resources) and Section 151 Officer<br>01248 752601<br><a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a> |
| <b>Awdur yr Adroddiad:<br/>Report Author:</b>                                                                                                                                                                                                                                                                                                                                                               | Marion Pryor<br>Head of Audit and Risk<br>01248 752611<br><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><br/>           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. This report updates the Committee, as at 12 July 2021, on the audits completed since the last update as at 20 April 2021, the current workload of internal audit and our priorities for the short to medium term going forward.

## Recommendation

2. That the Governance and Audit Committee notes Internal Audit’s assurance provision and priorities going forward.

## CURRENT CONTEXT

- 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. 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

| Audit Area                                                                           | Date of Final Report | Assurance Level | Catastrophic | Major | Moderate |
|--------------------------------------------------------------------------------------|----------------------|-----------------|--------------|-------|----------|
| IT Service Continuity (Phishing) <sup>▲</sup>                                        | May 2021             | Limited         | 0            | 2     | 2        |
| Covid-19 Emergency Management Assurance <sup>▲</sup>                                 | May 2021             | Reasonable      | 0            | 0     | 0        |
| Identification of Duplicate Invoices and Recovery of Duplicate Payments <sup>▲</sup> | May 2021             | Limited         | 0            | 3     | 3        |
| IT Resilience (First Follow Up) <sup>▲</sup>                                         | May 2021             | Reasonable      | 0            | 2     | 1        |
| Social Care Workforce Special Payments Scheme                                        | July 2021            | Substantial     | 0            | 0     | 0        |
| Coping with Homelessness and the Effects of Covid-19                                 | July 2021            | Reasonable      | 0            | 0     | 0        |
| Management of School Unofficial Funds (First Follow Up)                              | July 2021            | Reasonable      | 0            | 0     | 1        |

## WORK IN PROGRESS

- The following audits are currently in progress:

| Audit Area                         | Service                    | Reason for Audit                                                 | Stage     |
|------------------------------------|----------------------------|------------------------------------------------------------------|-----------|
| Housing – Allocations              | Housing                    | Requested by the Executive                                       | Fieldwork |
| Recovering Council Debts           | Resources                  | Director of Function (Resources) and Section 151 Officer request | Fieldwork |
| Leavers' Process – First Follow Up | Resources / Transformation | Follow up of final report issued in September 2020               | Fieldwork |

<sup>▲</sup> Members of the Governance and Audit Committee have previously received full copies of these reports, and action plans where applicable

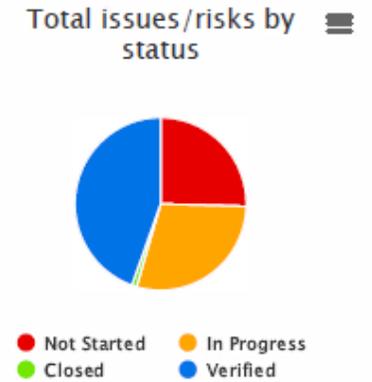
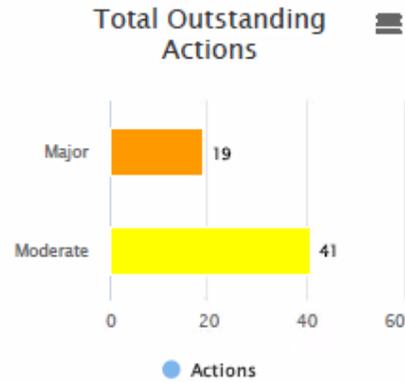
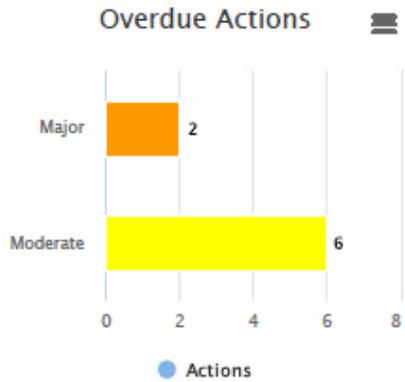
## OVERDUE ACTIONS

5. Work is progressing to support services with implementing all outstanding actions. The 4action dashboard at [Appendix 1](#) provides the situation as at 12 July 2021.
6. Services have been working hard to address outstanding 'Issues/Risks' leaving currently eight actions overdue (16 overdue as at 6 April 2021).
7. These include actions relating to the:
  - Leavers' Process report issued in September 2020, which is currently being followed up
  - Supplier Maintenance report issued in January 2021, which will be followed up in September 2021
8. The remainder include actions around consistent housing arrears recovery processes and independent checks of payroll exception reports, dating back to 2018/19 and 2014/15 respectively.

## INVESTIGATIONS

9. The team are currently involved in three investigations, one of which has recently been concluded.

# APPENDIX 1 – OVERDUE ACTIONS (4ACTION DASHBOARD) AS AT 12 JULY 2021



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### Overdue Issues/Risks by Service

| Service              | Count |
|----------------------|-------|
| Tai / Housing        | 1     |
| Adnoddau / Resources | 7     |

### All outstanding Issues/Risks by Service

| Service                                      | Count |
|----------------------------------------------|-------|
| Tai / Housing                                | 1     |
| Dysgu / Learning                             | 9     |
| Gwasanaethau Cymdeithasol / Social Services  | 4     |
| Adnoddau / Resources                         | 35    |
| Busnes y Cyngor / Council Business           | 1     |
| Uwch Dim Arweinyddu / Senior Leadership Team | 1     |
| Trawsnewid / Transformation                  | 9     |

### Outstanding Red Issues/Risks

| ID     | Summary |
|--------|---------|
| 0 of 0 |         |

### Outstanding Limited Assurance Reports

| Audit Title                                                                    | Count |
|--------------------------------------------------------------------------------|-------|
| Leavers' Process 192014                                                        | 3     |
| Payments - Supplier Maintenance 202107                                         | 10    |
| Identification of Duplicate Invoices and Recovery of Duplicate Payments 202118 | 6     |
| ICT Service Continuity (Phishing) 202123                                       | 4     |

### Outstanding Amber Issues/Risks

| ID   | Summary                                                                                                                                               |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4148 | Business Continuity 3 - Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key...   |
| 4157 | IT Resilience 2 - There is a lack of continuity and co-ordination between the Council's corporate business continuity plans and the IT disaster...    |
| 4161 | IT Resilience 3 - There has not been any formal training for IT staff with regards their responsibilities in the event of an IT incident requiring... |
| 4165 | IT Resilience 5 - The Council has included a list of 18 priority business applications and servers for recovery in the event of an IT related...      |

## Audit Wales Work Programme and Timetable – Isle of Anglesey County Council

Quarterly Update: 30 June 2021

### Financial Audit work

| Description                                          | Scope                                                                                                                               | Timetable                                                                                                                              | Status                                                                                                                                                                                                                |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit of the Council's 2020-21 Statement of Accounts | To provide an opinion on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021. | June 2021 through to September 2021                                                                                                    | Financial statements received on 15 June 2021 and audit fieldwork ongoing.                                                                                                                                            |
| Grants                                               | To certify the 2018-19 and 2019-20 Housing Benefit Subsidy claims                                                                   | The Department for Work & Pensions certification deadlines were 30.11.2019 for the 2018-19 claim, and 31.1.2021 for the 2019-20 claim. | We await a response from the Council and follow up information in respect of Modified Schemes to complete the certification of 2018-19 claim. The 2019-20 claim is paused pending certification of the 2018-19 claim. |

## Performance Audit work

| 2020-21 Performance Audit Work                           | Scope                                                                                                                                                                                            | Timetable      | Status                                                                                   |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------|
| <b>Commissioning Older People's Care Home Placements</b> | A project common to north Wales councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care. | September 2021 | Draft local report will be issued in July 2021                                           |
| <b>Financial Sustainability</b>                          | A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.               | July 2021      | Draft local report issued<br><br>National Summary Report due to be published August 2021 |
| <b>Workforce Planning</b>                                | The review will identify the benefits of embedding the revised workforce planning within Children's services                                                                                     | July 2021      | Draft local Report issued                                                                |

| 2021-22 Performance audit work                                                  | Scope                                                                                                                                                                                                                                    | Timetable | Status |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|
| <b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b> | We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan. | N/A       | N/A    |

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                      |                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|
| <b>Improvement reporting audit</b>                                                | Audit of discharge of duty to publish an assessment of performance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | September/October 2021                                               | Pending publication of the council's annual performance report |
| <b>Assurance and Risk Assessment</b>                                              | <p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Isle of Anglesey County Council the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• financial position</li> <li>• self-assessment arrangements</li> <li>• recovery planning</li> <li>• implications of the Local Government and Elections (Wales) Act</li> <li>• carbon reduction plans</li> </ul> | April 2021 to March 2022                                             | Ongoing                                                        |
| <b>Springing Forward – Examining the building blocks for a sustainable future</b> | As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.                                                                                                                                                                                                                                                                                                  | Planned for Autumn 2021 onwards – to be confirmed following scoping. | Project scoping                                                |
| <b>Review of Improving through Learning: Housing Benefit</b>                      | Identify and improve the learning identified as part of the Housing Benefit Claim Certification process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | January to March 2022                                                | Project scoping                                                |

## Local government national studies planned / in progress

| Study                                     | Scope                                                                                                                                            | Timetable                  | Status                                                                    | Fieldwork planned at Isle of Anglesey County Council                                       |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Town Centre Regeneration</b>           | Review of how local authorities and their partners are addressing town centre regeneration                                                       | Publication September 2021 | Drafting                                                                  | N/A                                                                                        |
| <b>Direct Payments</b>                    | Review of how local authorities manage and promote the use of Direct payments                                                                    | Publication Autumn 2021    | Fieldwork complete; survey of recipients and providers currently underway | No – work being delivered via Direct Payment Forum and a selection of follow up interviews |
| <b>Emergency Services</b>                 | Review of how well emergency services (blue light) collaborate                                                                                   | Publication Autumn 2021    | Fieldwork until end of July                                               | No                                                                                         |
| <b>Follow up on People Sleeping Rough</b> | Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020 | TBC                        | Project set up                                                            | No – work being delivered via Homelessness and Supporting People Forum                     |
| <b>Poverty</b>                            | Understanding how local authorities ensure they deliver their services to                                                                        | TBC                        | Project set up                                                            | TBC                                                                                        |

|                             |                                                                                                     |     |                |     |
|-----------------------------|-----------------------------------------------------------------------------------------------------|-----|----------------|-----|
|                             | minimise or reduce poverty.                                                                         |     |                |     |
| <b>Social Enterprises</b>   | Review of how local authorities are supporting and utilising social enterprises to deliver services | TBC | Project set up | TBC |
| <b>Community Resilience</b> | Review of how local authorities can build greater resilience in communities                         | TBC | Project set up | TBC |

## Estyn

| Estyn planned work 2021-22                      | Scope                                                                                                                                                                                                                                                                                                                                           | Timetable                                                   | Status |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------|
| Local Government Education Services Inspections | Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made. | LGES inspections to resume from late Autumn term            | N/A    |
| Curriculum Reform thematic review               | Regional consortia and local authority support for curriculum reform.                                                                                                                                                                                                                                                                           | Evidence collecting in Sept/Oct - publish in early February | N/A    |

## Care Inspectorate Wales (CIW)

| CIW planned work 2021-22 | Scope                                                                                                                                                                             | Timetable             | Status                                    |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------|
| <b>Assurance</b>         | CIW will be completing its work on Assurance Checks including publication of a national overview report.                                                                          | July – September 2021 | In progress                               |
| <b>National review</b>   | Support for disabled children and their families.                                                                                                                                 | tbc                   | In progress - Drafting report             |
| <b>Follow-up</b>         | CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary. | tbc                   | Not yet started                           |
| <b>Inspection</b>        | Risk based inspection activity will continue where required.                                                                                                                      | tbc                   | No inspections are scheduled at this time |

## Audit Wales national reports and other outputs published since 1 April 2021

| Report title                                                        | Publication date and link to report |
|---------------------------------------------------------------------|-------------------------------------|
| NHS finances data-tool 2020-21                                      | <a href="#">June 2021</a>           |
| Rollout of the COVID-19 vaccination programme in Wales              | <a href="#">June 2021</a>           |
| Quality governance arrangements at Cwm Taf UHB – follow up          | <a href="#">May 2021</a>            |
| Welsh Health Specialised Services Committee governance arrangements | <a href="#">May 2021</a>            |
| At your Discretion - Local Government Discretionary Services        | <a href="#">April 2021</a>          |
| Procuring and Supplying PPE for the COVID-19 Pandemic               | <a href="#">April 2021</a>          |

## Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>1</sup>

| Title                           | Anticipated publication date |
|---------------------------------|------------------------------|
| NHS waiting times data-tool     | July 2021                    |
| Supporting NHS staff well-being | August 2021                  |

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

|                                                                              |                |
|------------------------------------------------------------------------------|----------------|
| <b>Administration of student finance</b>                                     | August 2021    |
| <b>Care home commissioning</b>                                               | August 2021    |
| <b>Picture of Public Services</b>                                            | September 2021 |
| <b>Warm Homes Programme</b>                                                  | September 2021 |
| <b>Welsh Government accounts commentary</b>                                  | Autumn 2021    |
| <b>Welsh Government workforce</b>                                            | Autumn 2021    |
| <b>Orthopaedic services</b>                                                  | Autumn 2021    |
| <b>Unscheduled care</b>                                                      | Autumn 2021    |
| <b>Collaborative arrangements for managing local public health resources</b> | Autumn 2021    |
| <b>Welsh Government setting of well-being objectives</b>                     | Autumn 2021    |
| <b>Curriculum reform</b>                                                     | Winter 2021    |
| <b>COVID response &amp; recovery / Welsh Government grants management</b>    | TBC            |
| <b>Equality impact assessment</b>                                            | TBC            |
| <b>Climate change – baseline review</b>                                      | TBC            |
| <b>NHS structured assessment 2021 summary commentary</b>                     | TBC            |

|                          |     |
|--------------------------|-----|
| Affordable housing       | TBC |
| Broadband infrastructure | TBC |
| Flood risk management    | TBC |

### **Forthcoming Good Practice Exchange events and publications**

| <b>Title</b>                                                                                                                                                                                                                                                                                                                                                       | <b>Anticipated publication/event date</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Town Centre Regeneration                                                                                                                                                                                                                                                                                                                                           | September 2 <sup>nd</sup> 2021            |
| The Good Practice Exchange Team are currently in the process of finalising the programme of events for the remainder of 2021/ 2022. Once finalised, our key contacts across local authorities will be notified and details of those events and how to register will be available on our website. Please keep a look out for an email update over the coming weeks' | N/A                                       |

| <b>ISLE OF ANGLESEY COUNTY COUNCIL</b>                                                                                                                                                                             |                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adroddiad i:<br/>Report to:</b>                                                                                                                                                                                 | Governance and Audit Committee                                                                                                                                   |
| <b>Dyddiad:<br/>Date:</b>                                                                                                                                                                                          | 20 July 2021                                                                                                                                                     |
| <b>Pwnc:<br/>Subject:</b>                                                                                                                                                                                          | Updated Forward Work Programme 2021-22                                                                                                                           |
| <b>Pennaeth<br/>Gwasanaeth:<br/>Head of Service:</b>                                                                                                                                                               | Marc Jones<br>Director of Function (Resources) and Section 151 Officer<br>01248 752601<br><a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a> |
| <b>Awdur yr Adroddiad:<br/>Report Author:</b>                                                                                                                                                                      | Marion Pryor<br>Head of Audit and Risk<br>01248 752611<br><a href="mailto:MarionPryor@ynysmon.gov.uk">MarionPryor@ynysmon.gov.uk</a>                             |
| <b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b><br>To inform the members of the Governance and Audit Committee of the amendments to the Forward Work Programme for 2021-22 for the Committee. |                                                                                                                                                                  |

## Introduction

1. The Governance and Audit Committee approved the proposed Forward Work Programme at [Appendix A](#) at its meeting of 25 May 2021.
2. A few minor amendments have been made since to take account of management requests due to workload or other factors. Amendments are highlighted in **bold**.

## Recommendation

3. That the Governance and Audit Committee:
  - notes the minor amendments to the approved Forward Work Programme for 2021-22.

## Appendix A – Updated Forward Work Programme 2021-22

| Core Function                                              | Tuesday<br>25/05/21                                                                                   | Wednesday<br>23/06/21                             | Tuesday<br>20/07/21                     | Tuesday<br>21/09/21                                  | Thursday<br>09/12/21                                   | Tuesday<br>08/02/22                                                                      | Tuesday<br>19/04/22                   |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------|------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------|
| Accountability arrangements (3.4.8.3)                      | Annual Chair's Report 2020-21 (3.4.8.3.1)<br><br>Review of Forward Work Programme 2021-22 (3.4.8.3.2) |                                                   |                                         |                                                      | Annual Review of Committee's Terms of Reference        |                                                                                          | Committee Self-assessment (3.4.8.3.2) |
| Governance (3.4.8.4)                                       |                                                                                                       | Draft Annual Governance Statement (3.4.8.4.1/2/3) |                                         | Final Annual Governance Statement (3.4.8.4.1/2/3)    | <b>Local Code of Governance (3.4.8.4.1/3)</b>          | <b>Annual Report of the Partnerships and Regeneration Scrutiny Committee (3.4.8.4.4)</b> |                                       |
| Treasury Management (3.4.8.5)                              |                                                                                                       |                                                   | Annual Report 2020-21 (3.4.8.5.1/2/3/4) |                                                      | Mid-year Report (3.4.8.5.3)                            | Strategy and Prudential Indicators 2022-23 (3.4.8.5.3/4)                                 |                                       |
| Assurance Framework (3.4.8.7)<br>Risk Management (3.4.8.8) |                                                                                                       |                                                   |                                         | Corporate Risk Register (3.4.8.7.1/2)<br>(3.4.8.8.1) | Risk Management Framework (3.4.8.7.1/2)<br>(3.4.8.8.1) | Corporate Risk Register (3.4.8.7.1/2)<br>(3.4.8.8.1)                                     |                                       |

## Appendix A – Updated Forward Work Programme 2021-22

| Core Function                             | Tuesday<br>25/05/21                                                        | Wednesday<br>23/06/21                              | Tuesday<br>20/07/21                                     | Tuesday<br>21/09/21                                                                                   | Thursday<br>09/12/21                                                                                            | Tuesday<br>08/02/22                                                                                                      | Tuesday<br>19/04/22                                                                                   |
|-------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Countering Fraud and Corruption (3.4.8.9) |                                                                            |                                                    | Annual Fraud Report 2020-21 (3.4.8.9.4)                 | Annual Comments, Complaints & Whistleblowing Report (3.4.8.9.1)                                       | <b>Fraud Strategy (3.4.8.9.2/3)</b>                                                                             |                                                                                                                          |                                                                                                       |
| Internal Audit (3.4.8.10)                 | Annual Internal Audit Report 2020-21 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6) |                                                    | Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) | Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)<br><br>Outstanding Issues/Risks (3.4.8.10.11) | Review of Internal Audit Charter (3.4.8.10.3/13)<br><br>Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) | Annual Internal Audit Strategy 2022-23 (3.4.8.10.1/2/5/6)<br><br>Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) | Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6)<br><br>Outstanding Issues/Risks (3.4.8.10.11) |
| External Audit (3.4.8.11)                 |                                                                            |                                                    |                                                         | Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)                                                    | Annual Audit Summary 2021 (3.4.8.11.3)                                                                          |                                                                                                                          | Annual Audit Plan 2021-22 (3.4.8.11.1/3)                                                              |
| Financial Reporting (3.4.8.12)            |                                                                            | Draft Statement of Accounts 2020-21 (3.4.8.12.1/2) |                                                         | Final Statement of Accounts 2020-21 (3.4.8.12.1/2)                                                    |                                                                                                                 |                                                                                                                          |                                                                                                       |

## Appendix A – Updated Forward Work Programme 2021-22

| Core Function                              | Tuesday<br>25/05/21 | Wednesday<br>23/06/21 | Tuesday<br>20/07/21                                             | Tuesday<br>21/09/21                                                                                                                                                                                                              | Thursday<br>09/12/21                                         | Tuesday<br>08/02/22 | Tuesday<br>19/04/22 |
|--------------------------------------------|---------------------|-----------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------|---------------------|
| Other regulators and inspectors (3.4.8.13) |                     |                       | Annual Health & Safety Report (3.4.8.13.1)                      | Annual Insurance Report 2021-22 (3.4.8.13.1)<br><br>Annual Information Governance Report 2021-22 (3.4.8.13.1)<br><br>Annual Policy Acceptance Report 2021-22 (3.4.8.13.1)<br><br>Annual ICT Security Report 2021-22 (3.4.8.13.1) | Annual Information Governance in Schools Report (3.4.8.13.1) |                     |                     |
| Complaints Handling (3.4.8.14)             |                     |                       |                                                                 | Annual Comments, Complaints & Whistleblowing Report (3.4.8.14.1/2)                                                                                                                                                               |                                                              |                     |                     |
| Panel Performance (3.4.8.15)               |                     |                       | <b>Draft Self-assessment 2020-21 (3.4.8.15.1/2)<sup>1</sup></b> |                                                                                                                                                                                                                                  |                                                              |                     |                     |

<sup>1</sup> Will be submitted next year as part of the requirements of the new legislation.