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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD IAU, 9 RHAGFYR, 2021 am 2:00 y. p.	THURSDAY, 9 DECEMBER 2021 at 2.00 pm
CYFARFOD RHITHIOL WEDI'I FFRYDIO'N FYW	VIRTUAL LIVE STREAMED MEETING
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

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 (*Cadeirydd/Chair*)

AELOD LLEYG / LAY MEMBER

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

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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 MEETINGS (Pages 1 - 28)

To present the minutes of the previous meetings of the Governance and Audit Committee held on the following dates –

- 21 September, 2021
- 20 October, 2021
- 15 November, 2021

Arising on the minutes of the 21 September, 2021 meeting –

- **Item 3 – Information Governance: Annual Report of the Senior Information Risk Owner (SIRO) 2020/21**

The Director of Education, Skills and Young People will report verbally on the Learning Service's arrangements for completing the outstanding work with regard to the consent audit and record of processing activities.

3 ANGLESEY SCHOOLS ANNUAL INFORMATION GOVERNANCE ASSURANCE REPORT (Pages 29 - 52)

To present the report of the Director of Education, Skills and Young People.

4 COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY (Pages 53 - 72)

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

5 TREASURY MANAGEMENT MID-YEAR REVIEW 2021/22 (Pages 73 - 90)

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

6 EXTERNAL AUDIT - ISLE OF ANGLESEY COUNTY COUNCIL: ANNUAL AUDIT SUMMARY 2020 (Pages 91 - 98)

To present the report of External Audit.

7 EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE: IOACC QUARTERLY UPDATE SEPTEMBER 2020 (Pages 99 - 110)

To present the report of External Audit.

8 EXTERNAL AUDIT: STUDENT FINANCES (FOR INFORMATION) (Pages 111 - 158)

To present the report of External Audit.

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9 **LOCAL CODE OF GOVERNANCE** (Pages 159 - 184)

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

10 **NATIONAL REVIEWS AND RELATED RECOMMENDATIONS** (Pages 185 - 198)

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

11 **INTERNAL AUDIT UPDATE** (Pages 199 - 208)

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

12 **INTERNAL AUDIT CHARTER** (Pages 209 - 222)

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

13 **UPDATED FORWARD WORK PROGRAMME** (Pages 223 - 228)

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

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 21 September, 2021

- PRESENT:** Councillor Peter Rogers (Chair)
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors John Griffith, Gwilym O. Jones, Dylan Rees,
Alun Roberts.
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Director of Function (Council Business)/Monitoring Officer (for
items 3, 4, and 5)
Head of Internal Audit & Risk (MP)
Principal Auditor (NW)
Head of Profession (HR) and Transformation (for item 8)
Programme, Business Planning and Performance Manager (for
item 9)
Head of Housing Services (for item 10)
Committee Officer (ATH)
- APOLOGIES:** Councillor Mrs Margaret Roberts, Mrs Annwen Morgan, (Chief
Executive), Mr Rhys Hughes (Director of Education, Skills and
Young People), Mr Fôn Roberts (Director of Social Services)
- ALSO PRESENT:** Councillors Robin Williams (Portfolio Member for Finance),
Carwyn Jones (Portfolio Member for Major Projects and
Economic Development), Alun Mummery (Portfolio Member for
Housing and Supporting Communities), Dafydd Rhys Thomas
(Portfolio Member for Corporate Business), Alwen Williams
(NWEAB), Mr Alan Hughes (Audit Lead – Performance Audit,
Audit Wales), Bethan Roberts (Audit Wales), Mr Gareth
Williams (Local Democracy Reporter)

The Chair welcomed everyone present to this virtual meeting of Governance and Audit Committee.

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 20 July, 2021 were presented and were confirmed as correct.

Arising thereon –

Reference was made to Audit Wales's Programme and Timetable which showed that the audit of the Council's Statement of the Accounts for 2020/21 would take place in the period from June to September, 2021 whereas in previous years the final audited accounts would normally have been published in September. Clarification of the altered schedule and the reasons behind it was sought.

The Director of Function (Resources)/Section 151 Officer clarified that the deadline for the publication of the 2020/21 accounts has been extended to the end of November, 2021 in line with what was agreed with regard to the accounts completion and publication process for 2019/20 due to the added pressures on councils in responding to Covid-19 which are still continuing. Audit Wales is also dealing with resource pressures in auditing local authority accounts across the region. The amended schedule means that the audited accounts for 2020/21 along with External Audit's report on the financial statements will be brought to this Committee in a meeting arranged for 20 October, 2021 and will be presented to Full Council for approval later that month which is in compliance with the regulations extending the statutory deadlines to 31 August for the publication of draft accounts and 30 November for the publication of audited accounts.

3. INFORMATION GOVERNANCE: ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER (SIRO) 2020/21

The Annual Report of the Senior Information Risk Owner (SIRO) for 2020/21 was presented for the Committee's consideration. The report set out the SIRO's statement and overview of the Council's compliance with the legal requirements and relevant codes of practice in handling corporate information and, at Appendices 1 to 7 provided key data about the Council's information governance including contact with external regulators, security incidents and breaches of confidentiality or near misses, and Freedom of Information requests and complaints during the period.

The Director of Function (Council Business)/Monitoring Officer and designated Senior Information Risk Owner (SIRO) reported on the main points from the Annual Report as follows –

- The Council's processes and practices under the Regulation of Investigatory Powers Act 2000 (RIPA) were inspected by the Investigatory Powers Commissioners Office during the period covered by the report. The inspection was favourable and no formal recommendations were made. Although the Council makes responsible but limited use of RIPA, the relevant roles, policies procedures and training are necessary and must be in place.
- The Council was contacted by the Information Commissioner's Office (ICO) in respect of 2 data protection complaints. While the matters were not ultimately investigated by the ICO, the Council was asked to review its responses to the complainants and take any appropriate steps to ensure the complaints were dealt with fully. The complaints have been reviewed and the matters concluded. One appeal was lodged with the ICO in this period which was upheld.
- The Office of the Surveillance Camera Commissioner (OSCC) oversees compliance with the Surveillance Camera Code of Practice. The Council has been using the Surveillance Camera Commissioner's CCTV specific Data Protection Impact Assessment (DPIA) since 2019/20 and it is now used by the Council whenever a new CCTV system is proposed. Whilst the Council had no contact with the OSCC during the period of the report, a great deal of work has been undertaken in that time to strengthen arrangements including addressing the governance gaps surrounding historic CCTV systems which existed before the introduction of the SCC Code. During the period of the report, CCTV users and managers were trained in the data protection elements of using CCTV.

- During the year, 30 data security incidents were recorded by the Council comprising of 28 Level 0 -1 (near misses or confirmed incidents but no need to report to ICO/other regulators) and 2 Level 2 incidents (data security incidents that must be reported to the ICO because of the risk presented by the incident).
- A total of 736 FOI requests was received during the period 1 April, 2020 to 31 March, 2021 comprising of 5,397 individual questions. A breakdown of the requests per service and by applicant type is provided in Appendix 3 of the report. Of the 736 requests, 5 resulted in an internal review of the responses made by the Council the outcomes of which are as outlined. At its September, 2020 meeting the Committee discussed the possibility of the Council making more information routinely available in order to better manage the impact of FOI requests. To assess whether the Council's routine publication of information is an effective factor in minimising the impact of FOI requests, a self-assessment tool was prepared and circulated to the Council's services with all but the Resources function participating in the self-assessment. The outcome of the self-assessment is set out in Appendix 8 and confirms that it is unlikely that the publication of information reduces the number of requests since routine publication of documents rarely provides the context that FOI applicants require. There is also evidence to suggest that published information results in additional requests.
- A total of 5 Data Protection Act complaints were received during the year of the report of which 4 were investigated but were not upheld. In these four instances it was found that the Council's processing was considered to be lawful and the data subject rights were not compromised.
- A total of 24 Subject Access Requests were received; of the 22 SARs responded to, 78% of the responses were sent within deadline. Two SARs are on hold subject to the receipt of the necessary evidence and one was received at the end of the reporting period and was therefore not due a response within the period of the report. These requests can be complex and addressing them is often time consuming. A methodology has been developed and training provided.
- A Data Protection Work Plan was developed in the months following the implementation of the new data protection legislation in 2018 and has been reported to this Committee. All elements of that work plan have long since been completed apart from the two elements outlined in the Table at Appendix 6 which are both attributable to the Learning Service; these outstanding elements relate to the need to review the use of consent as a lawful ground for processing and to develop and monitor the Council's Article 30 ROPA.
- A schedule of Information Governance training is provided at Appendix 7; 90% of the staff targeted have undertaken training during the period of the report and Heads of Service will be encouraged to target the remaining 10% in the current reporting period.
- Owing to the demand for operational advice, the Council's information governance capacity is being invested in providing direct support to clients in accordance with the key obligations of data protection meaning there is no longer capacity for any non-essential strategic and corporate initiatives. It is therefore proposed that rather than reporting on the progress of services with action plans, future attention will shift to seeking assurance from Heads of Services as Information Asset Owners on key compliance areas.
- That it is the SIRO's conclusion that there is significant documented evidence to demonstrate that the Council's data protection and information governance arrangements are good. This assessment is based on the information governance systems, processes, policies and training that the Council has in place which provide assurance that the Council is aware of the risks and has taken appropriate and reasonable steps to mitigate those risks. The SIRO also considers that information governance is embedded within the operational culture of the Council. However there remain two areas where further work is necessary in connection with the uncompleted tasks falling to the Learning Service and CCTV Data Protection Impact Assessments.

- In the coming year the focus will be on supporting services with specific cases and providing ongoing training; the past year has seen the evolution of new, different and often pioneering ways of working in connection with Covid 19 including on a regional and national basis which will demand time and attention. In addition, a specific package for Heads of Service is being developed in tandem with a statement of assurance system which will be underpinned by appropriate training.

The Committee in considering the annual report and the level of compliance and risk which it reflects, raised the following points –

- The actions needed and might practicably be taken to enable the SIRO to come to a conclusion that the Council's data protection and information governance arrangements are very good or excellent. The Committee also sought clarity on the criteria against which the assessment of service performance is made. The Monitoring Officer/SIRO advised that should the priorities and areas of focus as outlined be achieved and the quality assessment of these areas prove satisfactory than it may be possible to upgrade the evaluation of the Council's arrangements. Last year was the first year the SIRO deemed it possible to designate the Council's arrangements as good so the direction of travel is positive. In terms of assessing services' performance, it is intended to work with the Heads of Services and Directors to develop specific criteria. The Monitoring Officer/SIRO highlighted that while there is no precedent for such work among local authorities which the Council can draw upon, areas of performance in relation to training, supervision, complaints and turnaround times will be considered and many of the corporate elements will be applied to services individually the aim being to identify any weaknesses at service level so that they can then be addressed.
- The Committee noted that the Learning Service as at March, 2021 remained non-compliant with regard to implementing actions in relation to completing the consent audit and ROPA related work; the Committee queried whether the SIRO was able to provide an update on any developments that may have taken place in the intervening period. The Monitoring Officer/SIRO confirmed that the situation remains unchanged despite the matter being raised with the Learning Service on several occasions including in a number of meetings and despite the support of Governance and Audit Committee in doing so. The Learning Service states that it has a number of priorities and that the elements highlighted are not uppermost among them. Responding to a further question, the Monitoring Officer/SIRO confirmed that the outstanding work is statutory with it being an expectation therefore that the Learning Services complies.

In light of the clarification above, it was proposed that in order to obtain assurance on this matter the Learning Service be asked to report to the Committee's next meeting at the latest with clarification of its arrangements for completing the outstanding work encompassing the consent audit and the Record of Processing Activities.

It was resolved –

- **To accept the SIRO's statement.**
- **To note that the longstanding consent audit in the Learning Service remains uncompleted.**
- **That the Committee endorses the Council's development of its GDPR Article 30 Record of Processing Activities be supported by the Learning Service;**
- **That the Learning Service report to the Committee's next meeting at the latest with clarification of its arrangements for completing the outstanding work as described above i.e. the consent audit and the Record of Processing Activities.**

- **That the SIRO's future reports to the Governance and Audit Committee report on assurances received by the SIRO from the Heads of Service as Information Asset Owners.**

4. ANNUAL REPORT: CONCERNS, COMPLAINTS AND WHISTLEBLOWING 2020/21

The report of the Director of Function (Council Business)/Monitoring Officer providing information on issues arising under the Council's Concerns and Complaints Policy for the period 1 April, 2020 to 31 March, 2021 was presented for the Committee's consideration. The report also included Social Services complaints but only those where the complainant was not a service user. Service user complaints are dealt with under the Social Services Policy - Representations and Complaints Procedure for Children and Adults and are reported annually to the Social Services Improvement Panel.

The Director of Function (Council Business)/Monitoring Officer reported on the main points as follows –

- That during the reporting period, 104 concerns were received and 43 complaints were made. Of the 43 complaints, 42 had received a full response by the 31 March, 2021, with the remaining complaint requiring significant further investigation prior to providing a final response to the applicant.
- That of the 42 complaints dealt with during period, 2 were upheld in full, 1 was partly upheld and 39 were not upheld. Nine complaints that had been through the internal process were escalated to the Public Service Ombudsman Wales (PSOW) and all 9 were rejected.
- The number of complaints investigated in the year fell by 26, down from 69 in 2019/20; a breakdown of concerns, complaints and compliments by service is provided in the table at paragraph 8 of the report.
- The overall rate of responses to complaints issued within the specified time limit (20 working days) was 90%. When responses are late services are expected to send a holding response to the complainant to keep them informed of progress and to explain the reasons for the delay.
- From an analysis of the table at paragraph 8 of the report, 9% (up from 8% in 2019/20) of the complaints received resulted from escalated concerns which suggests that services are dealing effectively with concerns thereby limiting formal complaints. A further 9% (4 of the 43) were sent to the Council by the PSOW who refused to deal with them until the internal Council process had first been exhausted. Complainants may also take their complaints directly to the formal stage of the internal complaints process and this accounts for remaining 82% of the complaints received.
- The Concerns and Complaints Policy places an emphasis on learning lessons from complaints thereby improving services. Previous recommendations endorsed by the Governance and Audit Committee have now become embedded as part of business as usual when dealing with complaints. Appendix 1 of the report explains what lessons have been learnt from the 2 upheld and 1 partly upheld complaints.
- Whilst there is no internal right of appeal against a decision reached in response to a complaint, the Concern and Complaints Policy includes the option of escalating a complaint to the PSOW where the complainant remains dissatisfied with the Council's response. There were 18 complaints relevant to this process lodged with the PSOW within the timescale of the report. None of the complaints were taken into investigation.
- During 2020/21 no code of conduct complaint was received by the PSOW against a County Councillor. Limited information about such complaints is formally reported to the County Council's Standards Committee twice a year.
- No formal language related complaint was received during the year. However, one expression of concern was received as documented and was resolved without it being

escalated into a formal complaint. Any other issues relating to the Welsh language are reported annually in the Welsh Language Standards Annual Report.

- During 2020/21, 2 whistleblowing concerns were received an outline of which is provided in the table at paragraph 14 of the report. Both concerns were acted upon and the results fed back to the whistle-blower by the Monitoring Officer.
- During the year the Corporate Concerns and Complaints policy was reviewed and amended to bring it into alignment with the complaints handling guidance under the Complaints Standards Authority created by the Public Services Ombudsman (Wales) Act 2019. The amendments were minor and have not changed the process that has been in force since April, 2013. The Ombudsman confirmed on 26 May, 2021 that the Council's policy was deemed compliant with the guidance.
- The Council's Constitution has been amended to reflect the Governance and Audit's new responsibility under the Local Government and Elections (Wales) Act 2021 to review and make reports on complaints handling.

The Committee in considering the report raised the following points -

- Whether an elected member who is the subject of a complaint to the Ombudsman has right of access to the evidence against him/her. The Director of Function (Council Business)/ Monitoring Officer advised that where the PSOW decides to open a case and undertake an investigation into a complaint against an elected member then evidence relevant to the subject matter of the complaint has to be shared with the elected member against whom the complaint is made who then has a right of reply.
- Noting that a high proportion of the complaints made are attributable to three services, the Committee wanted to know whether they share a common theme thereby making it easier to predict and/or prevent further complaints in future. The Director of Function (Council Business)/Monitoring Officer advised that whereas the Services' Complaints Officers are asked to identify any trends/patterns and/or issues with regard to complaints received, the Annual Report to this Committee documents the complaints upheld rather than the complaints lodged.
- Whether a lack of response to correspondence and/or not phoning people back as promised is as common a complaint as anecdotal evidence provided to elected members might suggest. The Director of Function (Council Business)/Monitoring Officer advised that the number of such complaints is not particularly high indicating that what elected members hear about complaints of this kind is not borne out by the actual number of such complaints coming through the complaints process. A new corporate telephone system is to be installed which it is hoped will also aid and facilitate responsiveness.
- That it is gratifying to note that a total of 464 compliments were also received during the period covered by the report which testify to what services across the Council are doing right especially since a considerable number of those compliments relate to services which have regular contact with the public.

It was resolved to accept the report as providing reasonable assurance that the Council handles its complaints effectively.

5. ANNUAL POLICY ACCEPTANCE REPORT 2020/21

The report of the Director of Function (Council Business)/Monitoring Officer setting out the level of compliance in relation to policy acceptance via the Council's Policy Portal Management system for the fourth year of monitoring was presented for the Committee's consideration.

The Director of Function (Council Business)/Monitoring Officer highlighted the following –

- The nine core policies currently included in the core set as listed in paragraph 1 of the report. These nine core policies are subject to acceptance every two years but will be compulsory for new staff throughout that time. Due to Covid 19, the process was suspended in March, 2020 but was re-started on 1 September, 2021.
- The five policies listed in paragraph 3.1 of the report which have been subject to re-acceptance since 1 September, 2020. Compliance data per service as at 11 August 2021 is shown in Appendix 1 to the report. The table at paragraph 3.1 compares the average compliance rates reported to this Committee over the past four years.
- Declining compliance levels within Housing Services was questioned by this Committee at its meeting on 1 September, 2020 and was subsequently brought to the attention of the Head of Housing Services after which the average compliance rate for the Service significantly improved overall. Nevertheless the data in Appendix 1 shows a marked decline in Housing Services' acceptance of the last policy issued which is down to 76%. However, compliance reports to the SLT indicate that there is more of a time lag for policy acceptance within Housing Services which is possibly due to the higher number of technical rather than clerical/office based staff within the service.
- A pilot commenced on 14 September, 2020 which required middle managers to accept three HR policies with each policy assigned to relevant officers nominated by each service. Compliance data per service for the papers issued is set out in Appendix 2 to the report. The final paper – guidance for designating language skills for internal and external posts – will be issued for acceptance in the coming weeks.
- The compliance issue in connection with staff without access to the Policy Portal. Staff who are not AD users - estimated at around 700 employees - who include those listed in the table at 3.3 - are not part of the policy acceptance process. The Policy Portal's reliance on the Council's Active Directory (AD) has been recognised as a weakness from the outset and was recognised as a risk by this Committee at its meeting in September, 2020 when it sought assurance that the matter was being pursued at the highest level. Whilst the matter has been receiving corporate consideration, this specific aspect of corporate policy acceptance remains on hold and will remain so indefinitely until a digital and cost effective solution becomes available. A proposal to trial a paper based process with Adults' Services whereby staff would attend Council Headquarters to be briefed on the policies after which they would sign up to them was suspended due to the pandemic and is unlikely to be implemented in the near future. Until or unless the situation changes the matter will no longer be reported to the Committee. It should be noted however, that many of the areas covered by the core set policies are also included within corporate induction and training programmes although this does not provide the same degree of assurance as the Policy Portal.
- Policy acceptance for partnership and/or agency staff who are not technically employed by the Council. In order to be assured that staff who are not directly employed by the Council are aware of and comply with the corporate policies set out in paragraph 3.4 of the report, services have been provided with a template containing a declaration to be signed by staff categorised as such. The policies are available to them in the Portal to read beforehand but completing the process in the portal is optional.
- Next steps. The Equality and Diversity Policy will shortly be subject to re-acceptance to be followed by the Corporate Safeguarding Policy which has been re-scheduled from March, 2021 to ensure it incorporates the requirements of the Wales Safeguarding Procedures 2019 before it is re-accepted. All nine policies in the core set (paragraph 1 refers) will then have been issued for re-acceptance and will be subject to a report to the SLT to confirm whether or not all nine of the policies are to be retained as part of the compulsory acceptance process.

The Committee considered the report and in the ensuing discussion, the following points were raised –

- The position with regard to policy familiarisation and acceptance for new employees of the Council. The Director of Function (Council Business)/ Monitoring Officer advised that new employees who are on the Council's Active Directory and have access to the Policy Portal, are recognised by the system one day after they have joined and the policy acceptance process will begin for them at that point. Those staff who are not on the AD system will receive training in the role as part of their job but they will not have access to the facilities of the Policy Portal.
- Whether the compliance issue linked to the staff without access to the Policy Portal has been formally registered as risk on the Corporate Risk Register and if so, what is its RAG status? The Director of Function (Council Business)/ Monitoring Office advised that while she was able to confirm that this specific compliance issue has been included as a risk within the Corporate Risk Register she did not have information about its RAG status to hand but would report back to the Committee after consulting with the relevant officer.
- Whether other local authorities have been approached about their response to the compliance issue with regard to staff without access to the Policy Portal. The Director of Function (Council Business)/Monitoring Officer advised that most councils do not use a Policy Portal system in the way Anglesey does; where they do have such a system e.g. in a neighbouring council she understood that the portal is utilised more as a policy library and does not operate the click to accept facility.

It was resolved to note the current position with regard to policy acceptance across the Council.

6. EXTERNAL AUDIT: FINANCIAL SUSTAINABILITY ASSESSMENT – ISLE OF ANGLESEY COUNTY COUNCIL

The report of External Audit on the outcome of an assessment of the financial sustainability of the Isle of Anglesey County Council was presented for the Committee's consideration. The assessment was undertaken as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. External Audit's 2020/21 assessment on councils' financial sustainability was in two phases: Phase 1 was a baseline assessment of the initial impact of Covid-19 on local councils' financial position following which a national summary report regarding the financial sustainability of Local Government as a result of the Covid-19 pandemic was published. The report above concludes Phase 2 of External Audit's financial sustainability assessment work during 2020/21 as part of which a local report is being produced for each of the 22 principal councils in Wales.

Mr Alan Hughes, Audit Wales's Performance Audit Lead commenting that the conclusion of the assessment overall was positive but that a number of challenges remain, referred to the headline findings as follows –

- *The Council has a good understanding of its financial position and currently delivers services within overall budget, but several financial challenges remain* – the immediate impact of Covid19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding. The Council will incur in the region of £6.2m of additional Covid-19 related expenditure and £2.4m loss of income during 2020/21. The Council will have incurred £0.1m additional expenditure and income loss that has not been covered by additional funding.
- *Increasing budgets of demand led services has enabled the Council to deliver services within overall budget, but several financial challenges remain* – the Council's Corporate Asset Management Plan for Land and Buildings for 2015-2020 is out of date and needs to be updated. In common with other councils in Wales, the Council has limited access to

capital funding thereby reducing its capacity to undertake capital investment; difficulties in predicting with any degree of certainty what future levels of Aggregate External Financing will be before the announcement of the draft settlement in December leads to the presentation of a significant aggregate funding gap in the Medium Term Financial Plan

- *The Council's financial strategy has restored the general fund to target level, but the Council continues to use reserves to balance the budget, this is not sustainable – the Council's level of usable reserves increased to £29.7m by the end of 2020/21 which is 20.6% of the net cost of services. The Council utilised £300,000 of reserves to fund the 2021/22 budget which allowed for a 0.75% reduction in Council Tax. Funding baseline commitment from one-off funding sources is not sustainable and leads to unresolved funding pressure in future budgets.*
- *The Council has delivered services within budget in 2019/20 and 2020/21 after deficits in the two preceding years*
- *Identifying and delivering savings will be more challenging going forward – the Council delivered 86% of the planned savings in the 2019/21 budget (£2.2m of £2.56m) and 79% of the planned savings in the 2020/21 budget (£244k of £307k). Exhibit 7 shows the Council's planned savings during 2016/17 to 2020/21 set against actual savings. Unachieved planned savings in one year adds to the pressure to deliver savings in subsequent years.*
- *The Council's liquidity after a period of decline has recently stabilised.*
- The report contains one proposal for improvement in relation to updating and approving the Council's Asset Management Plan.

Responding to the report, the Director of Function (Resources)/Section 151 Officer welcomed the report as supportive of the Council's financial management arrangements and thanked Audit Wales for the comments and analysis. He agreed that the additional investment which the Council has made in demand led services more accurately reflects those services' budgets and brings them into closer alignment with their needs meaning those budgets are now more robust. However, the situation may change depending on future levels of demand as the Council continues to emerge from the pandemic which may mean those budgets having to be reviewed. As with many other councils in Wales, Anglesey's financial position has improved due in no small part to the Covid 19 related financial support provided by Welsh Government in what was an exceptional year; however it is expected that the call for the Council's services will increase as a result of the pandemic thus adding to the Council's costs. This has been raised as a risk with the Executive which subsequently approved increasing the minimum level of General Fund balances above the 5% of the net revenue budget benchmark to £9m for 2021/22 in order to mitigate the impact of any significant rise in costs to the Council which could lead to potential overspend. The Section 151 Officer acknowledged the point made by External Audit about the Council not always succeeding in delivering its intended savings in full; in accordance with a previous recommendation by External Audit, the Council is considering setting a savings target over and above what is needed to deliver a balanced budget so that it has a surplus to fall back on. While the future remains uncertain, it is hoped that Welsh Government may be able to give an indication of what the level of local government funding will be over a longer term than the current annual determination of funding. With regard to the report's single recommendation, updating the Asset Management Plan is in the offing with further work required to bring the Plan into alignment with the Council's Capital Strategy.

In considering the contents of External Audit's assessment, the Committee made the following points –

- In noting that delivering all planned identified savings year in year out is becoming an increasing challenge especially if reductions in services are to be avoided, the

Committee wanted to know whether other local authorities in Wales are in a similar position. Mr Alan Hughes, Audit Wales in confirming that this is a dilemma facing all local authorities in Wales and beyond especially after a prolonged period of austerity, accepted that the financial environment in which local authorities are currently operating is very challenging.

- Referring to the contribution made by carers throughout the pandemic the Committee noted that a 3% pay rise has been recommended for healthcare workers. The Committee sought clarification of the likely pay increase for care sector workers and the possible resulting cost implications for the Council.

The Director of Function (Resources)/Section 151 Officer clarified that care needs on Anglesey are met in two ways – by the Council’s own care staff and by staff in the independent care sector under contract to the Council. For 2021/22 the offer for non-teaching Council staff is a pay increase of 1.75% which at this point in time has not been accepted by the Unions who have pointed out the higher offer made to health sector workers and the need for fairness between the two sectors. Explaining that the Council has two main agreements which are used to determine pay and conditions – the one covering teaching staff and the other non-teaching staff, the Section 151 Officer advised that the Council is not able to differentiate between categories of non-teaching employees when it comes to pay increases and further it is not a decision for the Council alone – the non-teaching staff pay award is set by agreement across England and Wales. Additionally, there are two measures of pay, the Government’s National Living Wage and the Real Living Wage advocated by the Living Wage Foundation. Whilst the Council pays above the Real Living Wage, independent care sector providers generally pay below the Real Living Wage although pay rates for their staff is a matter for each independent provider to determine. Calls to financially recognise the pandemic contribution of care workers are likely to be made, and should independent care sector providers decide to increase their staff pay to up to the Real Living Wage (an increase of around £1 p/h) and pass the cost onto the Council in the fees the Council pays providers, then that would entail an estimated additional cost to the Council of approximately £750k which the Council would find difficult to fund without additional support in the settlement from Welsh Government or alternatively, by increasing Council Tax by 2%.

- Referring to the recommendation that the Council’s Asset Management Plan be updated, the Committee sought clarification of the Plan’s significance in the context of the Council’s financial sustainability. Mr Alan Hughes, Audit Wales clarified that the Council’s aspirations for its assets will likely have changed since the existing Asset Plan was formed so bringing it up to date affords the Council the opportunity to reconsider its asset base and to link the Plan with its ambitions balanced against what is affordable.

The Director of Function (Resources) and Section 151 Officer advised that the Asset Plan needs to set out an inventory of the Council’s current assets, condition, suitability and investment needs; it is then for the Executive to determine a strategy based on how many of those assets it deems are necessary to deliver services in an efficient and cost effective way. It may be that not all the assets the Council holds are required to meet service objectives and neither may it be affordable to do so given the constraints on capital funding and the high cost of maintenance. The Asset Management Plan in providing an overview of the overall property assets held by the Council and their cost, feeds into the Capital Strategy which sets out the availability of resources and their allocation for capital purposes. An added complication are carbon reduction targets the achievement of which will require significant investment and which may mean having to dispose of assets that can’t be adapted or transformed into carbon neutral buildings.

- With reference to External Audit's comments about the use of reserves to help fund the revenue budget as unsustainable, the Committee wanted to know whether the Council's current system is therefore a risk and needs to be changed. Mr Alan Hughes, Audit Wales confirmed that the Council utilised £300k of reserves to fund the 2021/22 budget; he advised that that would have been a matter of greater concern 2 to 3 years ago when the Council's budget was overspent and its usable reserves had decreased significantly. Although it is not an immediate concern at this point in time as the figure is not significant, using reserves in this way is not advisable as the saving will have to be made in the following year when it will be added to that year's savings thereby increasing the financial pressure on the Council.

The Director of Function (Resources) and Section 151 Officer clarified that Elected Members have been advised that the use of reserves to fund the revenue budget is not a sustainable strategy in the long term. However, £300,000 was drawn from the reserves to fund the 2021/22 budget in the context of an improved general reserves position and also in the knowledge that savings that would meet the £300k shortfall (school meals contract) were to become available in 2021/22. While the Council will assess the situation for 2022/23, the strategy is that general reserves will not be used to fund the revenue budget unless there is no other option available. The Executive will be advised on proposing a budget for 2022/23 that can be balanced without resorting to the use of reserves.

It was resolved to accept External Audit's report on the financial sustainability of the Isle of Anglesey County Council and to note its contents.

7. EXTERNAL AUDIT: PROGRESS REVIEW OF THE NORTH WALES GROWTH DEAL – NORTH WALES ECONOMIC AMBITION BOARD

The report of External Audit on the outcome of its review of the progress made by the North Wales Economic Ambition Board (NWEAB) on its journey to support the development of the region's economy and delivery of the North Wales Growth Deal was presented for the Committee's consideration. The review was focused on how the NWEAB is making progress in delivering the low carbon energy programme and in so doing it examined governance arrangements; the support provided by the programme management office; the impact of Covid 19 on planned delivery and shared learning for the ambition overall.

Mr Alan Hughes, Wales Audit's Performance Audit Lead reported that the review found that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, that external factors may impact on the planned ambitions and that NWEAB is adapting to accommodate these. This conclusion was reached because –

- Partners have agreed ambitions for the North Wales economy and have established a clear governance framework, although not all elements are operational;
- The NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge or capacity it is resourceful in filling shortfall; and
- The success of the Growth Deal is dependent on many external factors that may change planned ambitions; the NWEAB is adapting to overcome these emerging challenges and risks.

The report contains six proposals for ways in which the councils through the North Wales Economic Ambition Board could improve the delivery of their overall goals and these are set out in Exhibit 1 at page 5 of the report.

In responding to the report, Alwen Williams, Portfolio Director for the North Wales Economic Ambition Board said that the situation is evolving quickly and several of the proposals have already had a response; it is expected that further progress will have been made when a report back is made towards the end of the year. The economic situation having been impacted by Brexit and by Covid-19 has changed and it remains fluid. However, the review findings and recommendations do not contain any surprises and a number of the recommendations relate to areas where pieces of work have already commenced. This was the first review of the North Wales Growth Deal and supporting arrangements conducted by Audit Wales and upon reflection it has proved to be a constructive process and the resulting opinion and proposals for improvement have been positive for the Team.

In considering the content of External Audit's report, the Committee raised the following points –

- The Committee sought clarity on whether any of the North Wales Growth Deal projects have commenced; whether price increases are likely to pose a problem and whether any issues are envisaged in navigating the planning process.

The Portfolio Director confirmed that whilst no project has yet started, three Outline Business Cases have been presented to the NWEAB and have received approval to proceed to the next stage of Final Business Case development which involves the procurement process. It is not anticipated that actual construction work will begin until the end of the calendar year or early into next year. The Portfolio Director advised that the availability of resources, skills and materials is a significant risk and has been recognised as such by Growth Deals across the UK. Those and other risks are being recognised and managed. By the time the projects enter the procurement phase and spend occurs it is hoped that economic conditions will have settled; however the Team is working against a set of assumptions since the economic situation has been volatile. There are benefits to working on a Growth Deal where there are many other such deals across the UK in that lessons can be learned and best practice can be shared. To ensure the projects can move forward, there needs to be intervention in the market as this may be a risk that cannot be mitigated. A situation where projects are de-scoped needs to be avoided as a value that is to be achieved for North Wales through the Growth Deal has been set and that is the planned outcome for the investments made. The Portfolio Management Office will work with project sponsors and local planning authorities to identify any planning risks early in the process to assess whether or not risks identified pose a challenge and to subsequently work through each risk. The desire to see Growth Deal projects being realised is strong as the projects have been designed to deliver growth and jobs for the region.

- Whether given escalating costs and a number of other external factors beyond the control of the NWEAB, the projects under the Growth Deal will still deliver according to aspirations or whether they will be watered down and fail to bring value for money.

The Portfolio Director confirmed that a Portfolio Risk Register has now been produced and implemented and a reporting process established whereby the Risk Register is reported to the NWEAB quarterly. Programme Risk Registers have also been developed for each of the five programmes. Information on higher risk projects is brought forward in order that risks may be dealt with transparently thereby ensuring that appropriate decisions are taken at the appropriate time to obtain value from the investment. In response to a further question she confirmed that a national

group of Portfolio Offices drawn from Growth Bid Deals in Wales, Ireland and Scotland does share good practice. In terms of the funding landscape, she clarified that the next challenge will be to develop a strategy to bring in private sector funding as the contributions to the North Wales Growth Deal by the Westminster and Welsh Governments have been made on the basis of securing private sector investment as well.

On behalf of the Committee, the Chair thanked Alwen Williams, Portfolio Director for her attendance and contribution to this meeting of the Committee.

It was resolved to accept the report of External Audit on its progress review of the North Wales Growth Deal and to note its contents.

8. EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL – WORKFORCE PLANNING

The report of External Audit with regard to the Isle of Anglesey County Council's approach and arrangements with regard to workforce planning was presented for the Committee's consideration.

Ms Bethan Roberts, Audit Wales referred to the importance of workforce planning in identifying and meeting future workforce needs and in responding proactively to any issues that may arise; she highlighted the main findings of External Audit's report as follows –

- Having experienced workforce challenges in the Children and Families Service, the Council is using that experience to progress workforce planning and has further opportunities to realise benefits across services; this conclusion was reached because –
 - The Council developed a Workforce Strategy in 2012 but embedding did not happen in all services.
 - The approach to workforce planning taken by the Council's Children and Families Service helped it respond to the challenges it faces
 - The Council is now more focused on workforce planning and by maintaining this focus, it can realise more benefits across all services.

External Audit has made two recommendations, the one in relation to workforce plan implementation across all services and the other in relation to obtaining assurance that workforce plans are living documents.

In responding to the report, the Head of Profession (HR) and Transformation confirmed that discussions and feedback from Audit Wales have been constructive and helpful and that since External Audit's review in February, 2021 a process has now begun whereby workforce planning is discussed each quarter in meetings of the *Penaethiaid* which comprises of the Senior Leadership Team and all Heads of Service. All services now have a workforce plan albeit some need to be formalised in greater detail. Heads of Service also meet with Human Resources Officers every quarter to consider workforce data which in turn informs the service's workforce plan. Workforce planning has taken on greater significance in light of the pandemic and widespread recruitment issues that are being felt nationally; it requires flexibility in order to be able to deal with a changing environment and changing recruitment needs and challenges.

It was resolved to accept the report of External Audit with regard to workforce planning within the Isle of Anglesey County Council and to note its contents.

9. EXTERNAL AUDIT: AUDIT WALES REPORTS AND RECOMMENDATIONS – LETTER TO THE CHAIR

A letter to the Chair of the Governance and Audit Committee from Audit Wales dated 3 June, 2021 was presented for the Committee's consideration. The letter set out the approach to be taken by Audit Wales to help councils in Wales actively consider reports by the principal external review bodies and to assure themselves that they have arrangements in place to monitor and evaluate progress against any recommendations contained in them.

Mr Alan Hughes, Performance Audit Lead for Audit Wales confirmed that the letter had been sent to the Chairs of all Governance and Audit Committees in Wales as a reminder to those committees of the importance of considering the reports by external regulators in all their forms and of having a process in place to obtain assurance that those reports and recommendations have been acted upon.

The Programme, Business Planning and Performance Manager in responding to the letter advised that the Authority in consultation with Audit Wales has identified all the national review reports issued by Audit Wales since an agreed point in 2019 and that as a result work is in progress to provide an update on the Authority's response to those national reviews to the Governance and Audit Committee at its next meeting in December. Work has also been undertaken on formalising arrangements for tracking the recommendations made by Audit Wales in its local review reports through the Council's action tracking system 4action which is used to manage and follow up actions against Internal Audit's review reports.

It was resolved to note the letter to the Chair from Audit Wales and the response by the Programme, Business Planning and Performance Manager, and to note also that the Committee at its next meeting will be provided with an update on the progress of actions against the recommendations contained in Audit Wales's national review reports.

10. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk setting out the audits completed since the last update as at 20 July, 2021, the current workload of Internal Audit and its priorities for the short to medium term was presented for the Committee's consideration.

The Head of Audit and Risk summarised progress to date as follows –

- That two reports have been finalised in the period both of which resulted in a Reasonable Assurance rating, the one relating to Housing Allocations for which 3 major and 3 moderate issues/risk were raised and the other in relation to Leavers Process First Follow up for which 3 moderate issues were raised.
- The review of Housing Allocations was undertaken at the request of the Executive after it received a report of poor performance regarding the time taken to re-let void properties. Whilst the review of this performance measure concluded that the Council does have adequate arrangements in place for managing and re-letting empty properties, it found that the performance measure which focuses solely on the how quickly empty properties are turned around does not align with recent housing policy and approach which seeks to improve community cohesion, increase sustainability of tenancies and consequently reduce the overall number of void properties, and that this misalignment had contributed to poor performance in this area. Also highlighted was the absence of a performance measure to reflect the Council's ambitious target for purchasing, renovating and letting former Council properties. While the six issues/risks raised pose a risk to the service's ability to meet its performance targets in this area, Internal Audit is satisfied that they are

containable at service level and do not pose significant risks to the Council's overall achievement of its objectives hence the Reasonable assurance opinion.

- The follow up review of the Leavers Process was undertaken in May, 2021 to determine progress in addressing the four issues/risks raised by the original review report in September, 2020 one of which was designated as "major" due to the potential impact of the risk. The follow-up concluded that management had addressed the risk classified as major and is making progress to address the remaining three risks.
- That 5 audits are currently in progress as summarised in the table at paragraph 14 of the report which updates the status of the work in progress. The Internal Audit team is also currently involved in three complex investigations.
- The first tranche of the National Fraud Initiative 2020/21 matches were released in January, 2021. Matches highlight potential fraud and error in the Council's systems. Internal Audit is currently working on investigating matches in the five areas listed in paragraph 18 of the report.
- There are currently no overdue actions. Details of outstanding actions are reported separately.
- Despite staff returning from redeployment and the additional responsibilities due to the pandemic having reduced, the team is still not at full capacity. The recruitment proposal to fill the Senior Audit vacancy has been approved by the SLT and it is currently being advertised with a closing date of 20 September, 2021. Filling this post will mean that the team will almost be up to full strength with only half a full time equivalent post remaining vacant due to flexible working. However, a further member of the team's secondment to Accountancy has recently been extended to the end of March, 2021. Whilst this means the team will be operating at reduced capacity until the end of the year, the savings from these posts are being used to fund the IT audit programme and some contracts for specific pieces of work.
- Internal Audit's immediate priority remains to review the new red and amber residual risks (6 risks) on the Corporate Risk Register followed by the risks that have not been reviewed in over two years (6 risks). In the longer term, a review of the management of fraud identified a number of actions as outlined in paragraph 29 of the report which will be addressed before the end of the year.

In considering the report, the Committee raised the following matters –

- With regard to Internal Audit's review of Housing Allocations, the Committee noted that the review had identified shortcomings in the Housing Service's Orchard housing management system, specifically its inability to perform some aspects of the void process which has resulted in the service adopting and operating separate processes and systems concurrently causing inefficiency and duplication. The Committee sought clarification of the position with regard to the Orchard system and whether the Housing Service would be able to upgrade the system to address the issues identified.

The Head of Housing Services confirmed that the service has over the course of the preceding few months made significant investment in upgrading the Orchard system with the introduction of Acuserve software which will provide additional capability with regard to specifically managing the void process and that this will be effective as from October, 2021.

- The Committee wanted to know on what basis had the review of Housing Allocations which raises 3 major risks attracted the same Reasonable assurance rating as the follow-up review of the Leavers Process which raises no major issues.

The Head of Audit and Risk clarified that had Internal Audit deemed that the issues/risk raised by the review of Housing Allocations necessitated a referral to the SLT or had

their impact not been confined to the Housing Service alone in terms of its ability to meet its performance targets in the areas reviewed, then the review would have carried a Limited assurance rating. She advised that the assurance rating which Internal Audit provides is based on a qualitative rather than a quantitative assessment of the issues/risks identified.

It was resolved to accept the report and to note Internal Audit's assurance provision and priorities going forward.

11. OUTSTANDING ISSUES AND RISKS

The report of the Head of Audit and Risk incorporating an update on outstanding issues and risks as at 31 August, 2021 was presented for the Committee's consideration.

The Principal Auditor highlighted the main points as follows –

- That prior to the upgrade of the 4action tracking system, a report on outstanding issues and risks was presented to the Committee twice a year. The first detailed report outlining performance in addressing audit actions since the implementation of the new 4action system was presented to the Committee on 20 April, 2021. At the time the Committee confirmed that it would like a report of this nature to be presented to it bi-annually. As such this report is the second, mid-year update.
- That no Red issues/risks were raised during the year and there are no Red issues/risks currently outstanding.
- As at 31 August, 2021 there are 56 outstanding actions being tracked in 4action. Of these 19 are rated major (amber) and 37 moderate (yellow) in risk priority. (Graph 1 refers).
- That there are currently no actions that have reached their target date for completion and become overdue.
- That Graph 3 in the report shows the status of all actions irrespective of the date management agreed to address them. It shows that management has now addressed 49% of them with Internal Audit having verified completion of 47% of these. The remaining 2% related to actions from an audit of Payments Supplier Maintenance which Internal Audit will be following up formally in January, 2022.
- That around 20% of the actions shown as not started on 4action relate to two audits – Payments Supplier Maintenance and Corporate Parenting Panel which were finalised towards the end of the 2020/21 financial year and where the issues/risks identified have not yet reached the dates by which management has agreed for their completion.
- That Graph 4 within the report shows the status of all actions that have reached their target date. It shows that where due, 100% have been addressed. Of these Internal Audit has verified almost all apart from those relating to the Payments Supplier Maintenance audit which is scheduled for follow-up in the New Year. Occasionally and only where there is a legitimate reason for doing so, target dates may be extended. Due to the Covid 19 emergency, several target deadlines have been extended for services whose priority over the last 18 months has been focused on responding to the pandemic.
- That the 56 outstanding actions are spread between 2016/17 and 2020/21. A single "old" action dating back to 2016/17 is yet to be fully addressed by management. This is rated as moderate or yellow in risk priority and relates to the requirement for services to provide assurance that their procurement activity is effective in the annual service challenge process. Work to address it is nearly complete with management assuring that it will be resolved in time for the next service challenge exercise in November, 2021.
- That there are no major or amber rated issues/risks dating back further than 2019/20 (graph 6 refers) which demonstrates that management is prioritising addressing risks of higher risk priority.

- That a detailed status update of all outstanding major or amber rated issues/risks currently being tracked in 4action is provided at Appendix 1 to the report. Internal Audit will endeavour to pursue all outstanding actions to ensure their completion.

It was resolved –

- **To note the Council’s progress in addressing the outstanding Internal Audit issues/risks.**
- **To confirm that the level of detail included in the report meets the Committee’s assurance needs in this area.**

12. UPDATED FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the updated Forward Work Programme for 2021/22 was presented for the Committee’s consideration. Further minor amendments had been made to the Forward Work Programme since its submission to the Committee’s July, 2021 meeting to reflect items that have been rescheduled due to workload or other factors and the inclusion of an additional meeting to consider the finalised Statement of the Accounts and Annual Governance Statement.

It was resolved to note the minor amendments to the approved Forward Work Programme for 2021/22.

13. ANY OTHER BUSINESS – APPOINTMENT OF LAY MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE

Although this matter was not included as part of the business of the meeting, the Chair agreed to it being reported in order to provide assurance about the timeliness of the process for appointing lay members to the Governance and Audit Committee.

The Head of Audit and Risk provided an update on the arrangements for recruiting lay members to the Governance and Audit Committee who under the provisions of the Local Government and Elections (Wales) Act 2021, will make up one third of the Committee’s membership as from May, 2022 and one of whom will chair the Committee.

The Head of Audit and Risk reported that a Welsh Local Government Association Task group has developed a generic application form and advert for the recruitment of lay members to the Governance and Audit Committees of all the councils in Wales which it is hoped will be published in the week commencing 4 October, 2021. The WLGA will be dealing with the advertising and promotion of the positions as a Wales wide process. In Anglesey the Council’s Constitution requires that the Chair and Vice Chair of the Committee recommend the appointment of lay members to the Governance and Audit Committee to Council and the aim is to have undertaken that commitment by the end of the calendar year so that the new lay members are in place by the Committee’s February, 2022 meeting and can commence in post in line with the May, 2022 deadline.

The Chair and Committee noted and welcomed the update and took assurance from the early preparations that all necessary arrangements will be in place to be able to meet the legislative requirements with regard to the appointment of lay members.

**Councillor Peter Rogers
Chair**

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the extraordinary virtual meeting held on 20 October, 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)
Principal Auditor (NW)
Head of Profession (HR) and Transformation
Committee Officer (ATH)
- APOLOGIES:** Councillor Gwilym O. Jones
- ALSO PRESENT:** Councillors Robin Williams (Portfolio Member for Finance), Yvonne Thomas (Audit Wales), Mr Gareth Williams (Local Democracy Reporter)

The Chair welcomed all those present to the meeting and he invited the Director of Function (Resources) and Section 151 Officer to make a statement regarding the business that was to have been conducted at this meeting.

The Director of Function (Resources) and Section 151 Officer stated that this meeting had been convened to consider the final Statement of the Accounts for 2020/21 together with External Audit's report and opinion on the financial statements, known as the ISA 260 report. Although it was known that the preparation and finalisation of the accounts would be challenging within the intended timescale given the ongoing impact of the pandemic, the change of external auditor for the 2020/21 financial year and the different expectations which the new auditors brought to the process in terms of the information they required to conduct the audit and for their assurance needs meant that the Finance Service had to make some changes to its working arrangements and practice which have in turn led to more work than anticipated. Notwithstanding, efforts were still being made even at the beginning of the week to try to ensure the final accounts were presented to this meeting but regrettably, those efforts were further frustrated by the absence of a key member of staff. Regardless, thanks have to be paid to Bethan Owen, Accountancy Service Manager and Jemma Robinson, Senior Accountant as well as Yvonne Thomas and Gareth Evans from Audit Wales for all their endeavours over the past weeks and especially over the last few days to bring the work together and to try to get the final accounts to committee as planned. Whilst the changes to the draft accounts presented to this committee in July, 2021 are not significant, some do entail making adjustments to the income and expenditure account and consequently to the balance sheet which in turn mean that corresponding changes then have to be made to the notes to the financial statements and the accompanying narrative report; these are then checked and reconciled in the English and Welsh versions meaning that there is some considerable work involved in the presentation of the document for publication.

It is the intention that the Governance and Audit Committee be reconvened to consider the finalised Statement of the Accounts for 2020/21 and ISA 260 report on Monday, 15 November with Full Council thereafter meeting on 22 November to approve the final accounts meaning that the 30 November, 2021 statutory deadline for signing off the final accounts will still be met.

The Committee and the Portfolio Member for Finance, in recognising the challenges faced in getting the final Statement of the Accounts document ready for this meeting and accepting the Section 151 Officer's explanation for why ultimately, this had not been possible, acknowledged the very hard work that had been involved in the attempt and thanked the Finance Service's staff for their efforts particularly over the past week.

The Vice-Chair in querying whether there had been any specific elements in the accounts which had posed a challenge for the auditors referred to issues with the Teachers' Pension scheme which had been recently publicised in the media, specifically the transfer of contributions to the scheme.

The Director of Function (Resources) and Section 151 Officer responding said that the piece on the Teachers' Pension Scheme by BBC Wales on its website and a following news item on Welsh news were at best misleading and at worst factually incorrect on several points and they had caused needless concern for teachers. Contrary to the news story which stated that not all contributions had been made to the Teachers' Pension Scheme he could confirm otherwise that all contributions deducted from teachers' pay have been paid into the pension scheme meaning that there are no implications for the accounts which reflect the contributions deducted and transferred. An annual return of information and declaration of pension contributions is prepared and submitted which is subject to audit verification; no annual return had been qualified in the time the Section 151 Officer had been in post.

The Director of Function (Resources) and Sections 151 Officer advised that the Teachers' Pension Scheme is distinct from the Local Government Pension Scheme which covers local government non-teaching staff; it is an unfunded scheme administered by the Teachers' Pension Service (TPS) with pension payment being based on final salary and length of service which is the key factor. While the BBC's web piece implied that the issue it raised was unique to Anglesey this is not the case and to corroborate the fact the Officer referred to an article from October 2020 in "Schools Week" about gaps in teachers' pensions which it highlighted as a nationwide issue. The article states that whilst it was possible for teachers to withdraw their pension with missing service, these problems could be rectified after the pension was drawn with the Teachers' Pension Service recalculating what was owed.

Information regarding the contributions made and the service undertaken by each teacher (permanent, temporary and supply) is prepared and submitted to the TPS in separate files on a monthly basis. Historically this was a manual process, but is now done electronically and having had access to their service records via an on-line portal, teachers have found gaps in their records. While there have been issues with the way the Authority has collected the information over time, processes have been improved to ensure the accuracy of the files prepared and Internal Audit has also been asked to review the changes made to confirm that the system is robust. However, errors also appear randomly which are difficult to account for since not enough feedback is provided by the TPS to confirm that the data received has been validated and records updated accordingly. Whilst the TPS is amending its system to allow for the submission of one composite data file from next year which should reduce the anomalies, historic gaps remain and can only be rectified by checking individual payslips for the month to which the gap relates. As it is not feasible for the Authority to undertake this task, teachers have been asked to check their records for any gaps in employment and to inform the Authority which will verify the information and correct any

errors. A restructure of the Payroll team has allowed for a dedicated officer to be assigned to this work.

The Director of Function (Resources) and Section 151 Officer further clarified that in instances where a teacher finds that their record of employment is incomplete but is not able to indicate where and why there are gaps, the Authority will do the checks but it does not have the resources to undertake the verification work for each and every teacher.

The Committee thanked the Director of Function (Resources) and Section 151 Officer for clarifying the situation with regard to teachers' pensions and for explaining how the scheme operates.

The meeting was subsequently adjourned to 15 November, 2021.

**Councillor Peter Rogers
Chair**

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 15 November, 2021 (adjourned from 20 October, 2021)

- PRESENT:** Councillor Peter Rogers (Chair)
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors Jeff Evans, John Griffith, Richard Griffiths, Dylan Rees, Margaret M. Roberts.
- IN ATTENDANCE:** Chief Executive
Director of Function (Resources) and Section 151 Officer
Accountancy Services Manager (BHO)
Finance Manager (CK)
Committee Officer (ATH)
- APOLOGIES:** Councillors Gwilym O. Jones, Alun Roberts, Head of Profession (HR) and Transformation, Programme, Business Planning and Performance Manager (GM)
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance), Mr Derwyn Owen, (Engagement Director – Audit Wales), Yvonne Thomas (Financial Audit Manager – Audit Wales), Head of Democratic Services (JHJ), Scrutiny Manager (AGD)
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1. DECLARATION OF INTEREST

No declaration of interest was received.

2. STATEMENT OF THE ACCOUNTS 2020/21 AND ISA 260 REPORT

- The report of the Director of Function (Resources)/Section 151 Officer incorporating the Final Statement of the Accounts for 2020/21 following audit was presented for the Committee's consideration.

The Director of Function (Resources)/Section 151 Officer in reporting that the statutory deadline for the completion of the audited accounts for the 2020/21 financial year was again extended to 30 November, 2021 to accommodate the working conditions in relation to the Coronavirus pandemic, took the opportunity to thank all those who had been involved in the accounts preparation and audit processes including the Council's Finance and Accountancy services' staff and also Audit Wales officers who were auditing the Statement of Accounts for the first time this year. The Director of Function (Resources)/Section 151 Officer said that changes will be made to some processes and working papers to reflect the standards required by Audit Wales which are different to the requirements of the Council's previous auditors. All issues that have arisen throughout the audit were dealt with promptly and in a satisfactory manner.

The Section 151 Officer referred to the amendments to the accounts since the draft version was presented to this Committee in June, 2021 as set out in section 3 of the report and expanded upon in External Audit's report on the Financial Statements below. The changes are mostly technical in nature and although they have resulted in

adjustments to the income and expenditure account and balance sheet none have impacted on the Council Fund nor the Housing Revenue Account Balances. Where relevant, the notes to the accounts have been revised to reflect the amendments made within the body of the accounts and at the same time endeavours have been made to improve the quality of the notes and to delete those notes the auditors deem do not add value to the accounts. It is gratifying to be able to report in conclusion that the auditors' report confirms that the accounts have been properly prepared in accordance with legislative requirements and accounting standards and that they give a true and fair view of the Council's financial position as at 31 March, 2021.

- The report of the Head of Profession (HR) and Transformation incorporating the Annual Governance Statement for 2020/21 was presented for the Committee's consideration and endorsement. The Annual Governance Statement (the draft version of which was presented to the Committee for comment in June, 2021) seeks to provide assurance that the Council had in place appropriate arrangements for managing its business during the year and it will form part of the definitive 2020/21 Statement of the Accounts.
- The report of External Audit on the audit of the Financial Statements for 2020/21 (ISA 260 report) was presented for the Committee's consideration.

Mr Derwyn Owen, Audit Wales Engagement Director reported on the main findings from the audit of the Council's accounts for the 2020/21 financial year as follows –

- That auditors can never provide complete assurance that accounts are correctly stated and work instead to a level of materiality. This level of materiality is set to try identify and correct misstatements that might otherwise cause a user of the accounts into being misled. For the 2020/21 audit the level of materiality was set at £2.663m. A lower materiality level was set for related party disclosures (£10,000) and Senior Officer Remuneration (£1,000).
- The Covid-19 pandemic has had, and continues to have a significant impact on all aspects of society. It is therefore testament to the commitment of the Council's accounts team that the accounts have been prepared in the face of the challenges posed by the pandemic. However, the pandemic has affected the audit and the main impacts are summarised in Exhibit 1 of the report and relate to the timetable, certification of the accounts which will again be done electronically this year, and conducting the audit approach and obtaining audit evidence which were achieved by adopting remote ways of working. Lessons learned for the audit process from the pandemic will continue to be reviewed including whether there are innovative practices that might be adopted in future to enhance that process.
- That it is the Auditor General's intention to issue an unqualified audit opinion on this year's accounts once the Council has provided a Letter of Representation based on that set out in Appendix 1 to the report. An unqualified opinion means there are no material concerns about any aspects of the accounts.
- The proposed audit report is set out in Appendix 2 to the report and confirms the independent auditor's view that the financial statements give a fair view of the financial position of the Council as at 31 March, 2021 and that they have been properly prepared in accordance with legislative requirements and international accounting standards.
- There are no misstatements identified in the accounts which remain uncorrected.
- There were initially misstatements in the accounts that have now been corrected by management. These are set out with explanations in Appendix 3 to the report.
- That in the course of the audit, the auditors consider a number of matters relating to the accounts and report on any significant issues arising thereon; there were two matters arising in these areas this year with regard to the following –

- Streamlining the accounts – the Council’s 2020/21 Statement of Accounts is detailed and includes several disclosures that are below materiality and potentially do not require specific disclosure or contain excessive details. Authorities that have already taken steps to streamline have found that clearer and shorter accounts can be prepared to a high quality with less resource and reduce not just the time and effort taken to produce the end of year statement but also the time and effort taken to complete the external audit process. To enable this, some review of year end processes may be needed. Discussions held with officers have been positive with an indication that they recognise the importance of producing a more focused set of accounts in future years. Audit Wales will work closely with the Council to support the finance team in making the necessary changes ahead of the production of the 2021/22 accounts.
- Quality of draft accounts and working papers – whilst it is acknowledged that the preparation of the 2020/21 accounts was adversely impacted by the absence of a key finance officer, the Council should take steps to further strengthen processes for the review of all working papers at pre-audit stage. This will improve the quality and consistency of information submitted and reduce the number of queries and the time take to conclude the audit. Finance staff should be credited for their willingness to establish a positive working relationship with Audit Wales staff and to improve processes, quality of the accounts and underlying records. Audit Wales will work with the Council over the coming months to build on this.
- That the recommendations made as set out in paragraphs 28 to 30 of the report reflect the findings above with regard to improving qualitative aspects of the accounts in relation to streamlining the accounts and strengthening the quality review process. Audit Wales intends to hold a post project learning exercise with key staff to further improve the accounts production and process in future years.

The Director of Function (Resources) and Section 151 Officer confirmed that the Finance Service and the Council accept the independent auditor’s recommendations and will work with Audit Wales to implement those recommendations with the aim of improving the accounts production process for next year. Meeting the earlier closedown timetable is challenging and puts pressure on the Finance Service’s staff to complete the process sooner with the potential for issues/queries to then emerge during the audit process, and whilst the reasoning for the earlier closedown is understood in order to ensure that less emphasis is placed on looking back and more on looking forward, achieving the dates is a challenge and makes the process more susceptible to error.

The Committee considered the information presented and made points as follows –

- As regards the changes to the accounts since the draft version was presented to Committee, it was noted that many of the previous year’s figures contained in the table columns (i.e. the 2019/20 financial) year have been changed and in several instances the last digit has changed by 1; it was queried whether this is as a result of a rule change or rounding up and/or down exercise given that the materiality level is much higher and whether changes to the previous year’s audited accounts have any implications for the 2020/21 accounts.

The Financial Audit Manager for Audit Wales clarified that some of the figures in the 2020/21 draft accounts did not tally with the published figures for the previous year’s accounts leading to some changes being made during the audit. The Accountancy Services Manager in confirming this to be the case explained that the transfer of data between spreadsheets showed the figures to be incomplete and/or not matching and corrections were made to bring the figures into line with the final published accounts for 2019/20.

- With reference to related parties it was noted that payments made by the Council to the Betsi Cadwaladr University Health Board (BCUHB – a related party through common control by central government) for 2020/21 amounted to £1.189m and that £0.458m was owing at year end whilst receipts taken in by the Council from BCUHB came to £6.132m with £1.354m due from the related party at year end. The Committee wanted to know whether there were any issues in securing monies owed by BCUHB and the time taken for payment to be made.

The Director of Function (Resources)/Section 151 Officer advised that the accounts reflect the position at a specific point in time as at 31 March, 2021 and that this may have changed subsequently. Whilst there have been issues in the past around BCUHB's contribution to certain care costs which have applied to all the region's councils, agreement has since been reached with regard to what is payable in many such cases and much of the historic debt has been cleared. The Council has also improved and strengthened its own processes to ensure that agreements entered into with BCUHB for the provision of services are supported by documentary evidence. The Section 151 Officer confirmed that engagement and discourse with BCUHB on such matters have greatly improved with the Health Board asking for regular updates on the monies owing position, and that he was not aware of any issues having arisen in the past year with regard to settling the Health Board's bills.

- With reference to the changes from the draft version to the figures in the table under Note 14 (Taxation and Non Specific Grant Income). Whilst it was noted that the change in the non-domestic rates distribution (NDR) figure was £2.14m further clarity was sought with regard to changes to other figures in the table making a net change of £68k from the draft accounts

The Director of Function (Resources) and Section 151 Officer clarified that the main change had been the division between the Non Domestic Rates (NDR) distribution and the Revenue Support Grant (RSG) consequent on the recalculation which Welsh Government had to make to reflect the decrease in the NDR funds which Welsh Government receives and the increased contribution which it then had to make to the Revenue Support Grant. There may have been other smaller changes identified by the audit impacting on the Council Tax income and/or Capital Grant figures in the table at Note 14. The Finance Service Manager clarified that the £68k net change figure can be attributed to the treatment of a Welsh Government grant relating to NDR.

Mr Derwyn Owen Wales Audit advised that all the main changes between the draft unaudited accounts and the final audited accounts are set out in Appendix 3 of the independent auditors' ISA 260 report where it is also acknowledged that a number of other less significant amendments (below the level of materiality) and disclosure updates have been made as a result of the auditors' work.

- Given the intention to simplify the accounts reference was made to the tables under Note 28 (Cash Flow from Operating Activities) and Note 29 (Cash Flow from Investing Activities). It was noted that the Table at Note 28 although it refers to cash flow from operating activities also incorporates an adjustment for cash flow from investing activities which is then reversed out in the table in Note 29 which it was felt adds confusion rather than clarity to the accounts.

The Director of Function (Resources) and Section 151 Officer in acknowledging the point made advised that the cash flow statement at Note 28 is set out according to a

historic format and is an example of the kind of areas that will be looked at in the drive to simplify and clarify the accounts.

- It was noted that in the table for Revenue Grants received in advance at page 63 of the accounts the reference to North East Wales Ambition Board needs to be amended to read North Wales Economic Ambition Board.
- In light of the change of external auditor and the change of approach/views in terms of the accounts preparation process it was suggested that it might be beneficial for the Committee to meet with Audit Wales separately to gain more insight into the idea of streamlining the accounts and to better understand what has changed as regards practice and expectations from the Council's previous auditors.

Mr Derwyn Owen advised that Audit Wales would be happy to meet with Members of that is what they wish. The streamlining concept comes from CIPFA which has recognised that local authority accounts have become lengthy and complicated and is encouraging councils across both England and Wales to review the quantity of notes included in the accounts and to consider whether they add value. What is included in the accounts is a local decision, and Wales Audit is happy to engage in that conversation with the Council over the coming months after which it may be appropriate to meet with the Committee to ensure that Members are satisfied with the elements of the accounts if any, that are being proposed for removal from next year's Statement. As regards the change of auditors, the audit has been conducted on the same basis as in previous years which is in accordance with international auditing standards as is required.

The Director of Function (Resources) and Section 15 Officer that the Council is happy to look at ways of reducing the volume of the accounts and to make them more accessible to the reader as they have become increasingly cumbersome and complex in recent years making them difficult for the public to understand which undermines their value and purpose. However, streamlining applies not only to the contents of the accounts but also to the internal processes by which the accounts are produced and information obtained, thereby making the subsequent audit process easier as well.

It was further suggested that in light of the changes in the composition of Governance and Audit committees in Wales coming into effect in April next year as a result of new legislation, a meeting between Members of the Committee and Audit Wales should be postponed until after the May, 2022 local government elections when Audit Wales might then be asked to hold a virtual training seminar on a regional basis to accommodate the needs of new committee members.

It was resolved –

- **To recommend acceptance of the Final Statement of the Accounts for 2020/21 to the Full Council.**
- **To endorse the Annual Governance Statement for 2020/21 and to refer the Statement to the Full Council for approval and to the Leader of the Council and the Chief Executive for their signatures.**
- **To note External Audit's Report on the Financial Statements for 2020/21.**

NO ADDITIONAL ACTION WAS PROPOSED

**Councillor Peter Rogers
Chair**

DRAFT

CYNGOR SIR YNYS MÔN / ISLE OF ANGLESEY COUNTY COUNCIL	
Meeting:	Audit & Governance Committee
Date:	9 December 2021
Title of Report:	Anglesey Schools Annual Information Governance Assurance Report- November 2021
Purpose of the Report:	To inform members as to the level of data protection compliance and risk in relation to schools and to summarise current priorities
Report by:	Elin Williams, Schools Data Protection Officer Ext: 1833, dpoysgolionmon@ynysmon.gov.uk
Contact Officer:	Elin Williams, Schools Data Protection Officer Ext: 1833, dpoysgolionmon@ynysmon.gov.uk

Purpose of this report

To provide the Audit and Governance Committee with the Schools Data Protection Officer's analysis of the key Information Governance (IG) issues for the period July 2020 to November 2021 and to summarise current priorities.

Introduction

This report provides the Schools Data Protection Officer's statement and an overview of the Anglesey primary, secondary and special schools' compliance with legal requirements in handling school information, including compliance with the United Kingdom's General Data Protection Regulation (UK GDPR); Data Protection Act 2018 and relevant codes of practice.

The report also provides details of actions taken since the last report (July 2020) to provide schools with policies and documents to support schools in complying with data protection legislation. It also provides details regarding the content of the *Schools Data Protection Plan 2021-2022* and progress to-date against the plan and also what was achieved against the *Support Plan for Schools- Schools Data Protection Policies and Procedures 2020-21*.

It must be noted that this period has been particularly challenging for schools due to dealing with the Covid 19 global pandemic and it has been extremely difficult for schools to prioritise anything other than keeping schools running and providing education whilst also dealing with staff shortages and other challenges that they have had to, and are still dealing with now.

Schools Data Protection Officer Statement

Since the last report, issued in July 2020, due to the Covid 19 pandemic, schools have not been in a position to be able to progress the data protection programme as quickly as would normally be the case. Many priorities and actions were identified in

the last report, but it has been difficult for schools to give a greater level of priority to this work due to dealing with the pandemic. Also, due to a period of long term absence of myself as the Schools Data Protection Officer, some aspects of the plan have been moved forward. External support is being provided by Cwmni Celyn in relation to some of the actions and pieces of work within this plan.

Targets have been reviewed several times, but despite the pandemic and the long term sickness of myself, some progress has been made in terms of adopting key data protection policies. Significant work has also been undertaken in upgrading the schools' ICT systems and infrastructure by transferring to the Hwb cloud services.

The day to day information management **practices** within the schools are still acceptable and there have been positive steps. All schools are registered with the Information Commissioner's Office (ICO) and are paying their annual data protection fee and all schools have adopted the statutory Schools Data Protection Policy. All schools have registered for the Wales Accord on the Sharing of Personal Information (WASPI) since July 2020. There is also an increase in the number of contacts I as the Schools Data Protection Officer receive from schools asking for advice and guidance.

However, further work still needs to be done on ensuring that all key data protection policies and documents have been adopted and that schools are monitoring and can evidence their compliance with these policies (it continues to be a responsibility of the school governing body to ensure all relevant policies are adopted, including statutory policies e.g. Data Protection Policy). There is still further work to be done to ensure that all schools have robust processes in place to deal with data breaches and data subject access requests.

Work still needs to be carried out to ensure that data protection risks are effectively managed and that appropriate agreements are in place with data processors. There is still more to do around identifying and delivering specific training for school staff, including the governing body, to ensure that everyone within the school structure is aware of their data protection responsibilities.

It is essential that the schools understand their responsibilities and implications as the data controller and the legal expectations that come as a result. I believe that schools do now better understand their data protection obligations and the importance of data protection and are now giving more priority to ensuring that actions are taken to comply with requirements under data protection legislation.

Schools Data Protection Officer Assurance Assessment (November 2021)	Reasonable Assurance
The process of beginning to have policies, processes and practices in place to comply with data protection legislation has started within the schools, but there is still more work to be done to have all schools on the same level and ensuring that schools have all the basic requirements in place to be complying with data protection legislation.	

Recommendations

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

- i. the Schools Data Protection Officer report, including the statement, is accepted;
- ii. the Committee endorses the Schools Data Protection Officer's proposed next steps- the Schools Data Protection Plan- in order to enable schools to fully operate in accordance with data protection requirements.

ANGLESEY SCHOOLS ANNUAL INFORMATION GOVERNANCE ASSURANCE REPORT

**ELIN WILLIAMS, SCHOOLS DATA
PROTECTION OFFICER**

November 2021

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1. Introduction

This report provides the Schools Data Protection Officer's statement and an overview of the Anglesey primary, secondary and special schools' compliance with legal requirements in handling school information, including compliance with the United Kingdom's General Data Protection Regulation (UK GDPR); Data Protection Act 2018 and relevant codes of practice.

The report also provides details of actions taken since the last report (July 2020) to provide schools with policies and documents to support schools in complying with data protection legislation. It also provides details regarding the content of the *Schools Data Protection Plan 2021-2022* and progress to-date against the plan and also what was achieved against the *Support Plan for Schools- Schools Data Protection Policies and Procedures 2020-21*.

It must be noted that this period has been particularly challenging for schools due to dealing with the Covid-19 global pandemic and it has been extremely difficult for schools to prioritise anything other than keeping schools running and providing education whilst also dealing with staff shortages and other challenges that they have had to, and are still dealing with now.

These are the 45 schools on Anglesey that have signed-up to receive the support and guidance of the Schools Data Protection Officer:

Primary Schools

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

Secondary Schools

Ysgol Uwchradd Bodedern
Ysgol Uwchradd Caergybi
Ysgol David Hughes
Ysgol Gyfun Llangefni
Ysgol Syr Thomas Jones

Special Schools

Canolfan Addysg y Bont

2. Conclusions and Actions Identified from July 2020 Report

2.1. Conclusions Identified from the July 2020 Report

The following were the conclusions identified in the July 2020 Report:

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

2.2. Actions Identified from July 2020 Report

The Schools Data Protection Officer had identified in 2020 what pieces of work needed to be done with the schools to ensure that they comply fully with data protection legislation and achieve what is expected of them as the data controller, who is ultimately responsible for ensuring that they process personal data legally.

The following actions were proposed as the next steps that needed to be taken to ensure that all schools operate in accordance with requirements. Progress to date relating to the actions to be taken have been noted as well as any further work that needs to be undertaken.

The *Schools Data Protection Plan* has since been reviewed in light of the data incident since the last reporting session:

RAG Status Key

	On track to be fully completed
	A little behind in progress, but the majority of tasks are being completed
	Behind with progress, with some tasks being completed
	No progress

No	Action from 2020 following first evaluation visits to individual schools by the Schools Data Protection Officer	Progress to date against identified actions that needed to be actioned	Further work to be undertaken
1	<p>For the policies, guidance, key documents and final templates to be formally approved by the Senior Learning Service Management Team, in partnership with schools, so that schools can formally adopt them in autumn 2020.</p> <p>All policies and documents will be available on the <i>GDPR</i> section of Addysg Môn so that everything in terms of current data protection documents is available to schools in one place.</p> <p>The Schools Data Protection Officer has created the '<i>Anglesey Schools Data Protection Policy, Guidance and Key Documents Review Framework</i>' document which provides an update on the status of the different documents that need to be adopted by schools (up to July 2020).</p> <p>For schools to ensure that these policies have been formally adopted by the governing body and that they can demonstrate their compliance with the policies.</p>	<p>All policies submitted have been formally approved by the Learning Service Senior Management Team and shared with schools.</p> <p>Timeline for distributing documents to schools has been revised.</p> <p>All policies and documents shared are available on a dedicated data protection page on the new Learning Service microsite, where all policies, guidance and documents are available to schools.</p>	<p>To share remaining policies with the Learning Service Senior Management Team and schools.</p> <p>Governing bodies to formally adopt the policies.</p>
2	<p>For the Schools Data Protection Officer to undertake work with schools to get a <i>ROPA</i> (including data flow maps) and an Information Assets Register in place.</p>	<p>Mapping meetings have been, and are being held with schools, to map out which systems, programmes and apps schools use in relation to ensuring that appropriate data protection</p>	<p>To complete the mapping exercise and to create a final <i>ROPA</i> and Information Asset Register template that can be shared with schools.</p>

	To complete an Information Assets Register with a secondary school, and then share a primary and secondary template with the schools so that they can adapt it for their individual school.	<p>agreements are in place with data processors.</p> <p>A blank template and guidance have been developed for the ROPA and Information Assets Register.</p>	To then organise individual meetings with schools to amend the templates in order to create a unique <i>ROPA</i> and Information Asset Register for their school.
3	<p>For the Schools Data Protection Officer to work with schools on adopting policies and creating processes for effectively handling data breaches and data subject access requests.</p> <p>To provide training with relevant staff so that schools can effectively handle breaches.</p>	<p>Schools have been provided with a package of documents, including a policy on handling data breaches and with dealing with data subject access requests.</p> <p>Accompanying training sessions have been held to explain the contents of the documents. SDPO has also been supporting schools to respond to data subject access requests by supporting with redacting information.</p>	The Schools Data Protection Officer will continue to offer more training sessions to the schools.
4	<p>For the Schools Data Protection Officer to complete the work of creating Privacy Notices and sharing them with the schools to adapt and adopt them.</p> <p>Also, to ensure that data collection forms and consent forms contain a summary of the Privacy Notice.</p>	Privacy Notice templates shared with schools.	<p>Schools to ensure they adopt the latest versions of the Privacy Notices.</p> <p>SDPO to update data collection forms and consent forms and issue to schools.</p>
5	For the Schools Data Protection Officer to work with schools to ensure that appropriate agreements are in place with high level data processors and also with individual schools. To start this work during the autumn term.	Work has begun on reviewing which systems, programmes and apps individual schools use in order to understand which data processors schools work with, and confirm	To continue meeting with individual schools to confirm data processors and to ensure that there are appropriate data protection

		whether schools have appropriate data protection agreements in place.	<p>agreements in place with all data processors.</p> <p>To complete the mapping of data protection agreements.</p> <p>To arrange to have agreements where ones do not already exist.</p>
6	<p>For the Schools Data Protection Officer to undertake a piece of work and training sessions with schools around risk management and on how to complete Data Protection Impact Assessments.</p> <p>To review if Data Protection Impact Assessments have historically been undertaken for processing data that can be high risk and to work with schools to create any Data Protection Impact Assessments required. To start this work during the autumn term.</p>	<p>This work has not yet started but is included within the revised <i>Schools Data Protection Plan</i>.</p> <p>A Data Protection Impact Assessment (DPIA) Policy and data protection risk matrix have been developed.</p>	<p>To provide training around risk assessments.</p> <p>To share the Data Protection Impact Assessment (DPIA) Policy with schools.</p> <p>To start completing DPIAs with schools where one is required.</p>
7	<p>For the Schools Data Protection Officer to review the current consent forms and to do more work with schools around consent and create a photo-taking policy for the purpose of school publicity.</p>	<p>A review of the consent forms is underway.</p> <p>A photo-taking policy for the purpose of school publicity has been developed.</p>	<p>To complete the review of the current consent forms and to share new forms with schools.</p> <p>To share the photo-taking policy for the purpose of school publicity with schools to adopt.</p>

8	<p>For the Schools Data Protection Officer to work with schools to ensure that they have processes around who has access to specific personal information and that information is kept securely within the schools.</p> <p>Also, to do work with some schools in terms of disposing of old documents that have passed their retention period.</p>	<p>Work has begun. Access to information has formed part of moving school servers on to Hwb, but more work needs to be completed around this.</p> <p>The <i>Schools Retention Schedule</i> has been shared with schools again.</p> <p>Schools have received the '<i>Transferring School Records to the Anglesey Archives Policy</i>' to adopt which provides guidance of when to transfer documents to the Anglesey Archives.</p>	<p>To complete work around access to information and disposing of old documents.</p>
9	<p>For the Schools Data Protection Officer to reorganise governors' data protection training sessions and complete the creation of the <i>School Governing Body's Data Protection Guide</i>.</p> <p>For governing bodies to ensure that members complete the training and are aware of their data protection responsibilities.</p>	<p>A <i>Schools Governing Body Data Protection Guidance</i> has been created and shared, and training sessions continue to be held.</p>	<p>Schools to continue to encourage school governors to undertake data protection training.</p>
10	<p>For the Schools Data Protection Officer to update the general data protection training programme for school staff and governors.</p> <p>Also, to include more specific data protection training for relevant staff for the next 12 months e.g. to provide specific training around themes such as information risk management, records management and risk management.</p>	<p>Training sessions have been updated and held, this includes online training.</p>	<p>To continue holding more specific training for relevant school staff (e.g. dealing with data subject access request training for administrative staff) and to re-start providing general data protection training for school staff.</p>

	<p>To look at providing training through technology such as <i>Microsoft Teams</i> or <i>Zoom</i> as well as sessions within the schools.</p> <p>For schools to ensure that relevant staff complete the training so that they understand their data protection responsibilities.</p>	<p>Sessions have been held using Zoom, Teams and via the Learning Pool.</p>	<p>Support schools in encouraging a higher % of their staff having completed the online training.</p>
11	<p>For the Schools Data Protection Officer to prepare an annual data protection report from now on.</p> <p>The Learning Service Senior Management Team needs to confirm what will be included in the annual report but this is likely to be based on the number of breaches, the number of data subject requests, the number of data protection complaints, information around policies, a plan for next year, details of training and recommendations.</p> <p>It will also be based on pieces of work that the Schools Data Protection Officer will do in terms of monitoring schools' compliance with legislation, which will depend on looking for evidence of compliance by the schools.</p>	<p>Annual data protection report produced.</p> <p>Learning Service Senior Management Team has confirmed that future reports should include:</p> <ul style="list-style-type: none"> • the number of reported breaches, • the number of data subject requests, • the number of data protection complaints, • which policies have been updated/shared • training that has been offered during the course of the year i.e. to who and when • recommendations (based on lessons learned) to be considered for next year's development programme 	<p>Schools will be required to report the number of data breaches; data subject access requests and data protection complaints going forward.</p> <p>The Schools Data Protection Officer will be conducting a data protection audit of all schools and will be monitoring general data protection compliance.</p>

2.2.1. Policies, Guidance, Documents and Templates Shared with Schools

One of the main issues identified in July 2020 was that the majority of schools did not have current key policies and documents in place as a number of these policies and documents were not created for schools prior to the appointment of the Schools Data Protection Officer.

As it is essential that core policies and documents are adopted by the schools, the Schools Data Protection Officer has created and has shared the following policies, guidance, documents and templates with the schools to adopt and to use:

Policy, Guidance, Key Documents	Shared with the Schools by the Schools Data Protection Officer
Schools Retention Period Document	Shared again in July 2020 and July 2021 (first shared with schools in 2018)
Schools Data Protection Policy (statutory policy)	December 2020
Schools Data Breach Package: <ul style="list-style-type: none"> • Schools Data Breach Policy • Schools Data Breach Guidance • Schools Data Breach Investigation Form • Schools Data Breach Log • Schools Data Breach Report to the School Governing Body 	January 2021 Version 2 shared in October 2021 (updated since moving from GDPR to UK GDPR with new policy and document banner)- except for the Schools Data Breach Log
Schools Information Security Package: <ul style="list-style-type: none"> • Schools Information Security Policy • Schools Information Security Audit Form 	January 2021 Version 2 shared in October 2021 (updated since moving from GDPR to UK GDPR with new policy and document banner)
Privacy Notice (statutory requirement): <ul style="list-style-type: none"> • Schools Privacy Notice- Primary / Secondary • Schools Privacy Notice- School Workforce • Schools Privacy Notice- Children & Young People's Version 	January 2021. Version 2 shared in October 2021 (updated since moving from GDPR to UK

	GDPR and with new policy and document banner)
Schools Governing Body Data Protection Guidance	January 2021 Version 2 shared in October 2021 (updated since moving from GDPR to UK GDPR and with new policy and document banner)
Procedure for Sharing Information with Police Authorities in the United Kingdom (Gwynedd & Anglesey)	July 2021 Version 2 shared in October 2021 (updated with new policy and document banner)
Schools Data Subject Access Request Package: <ul style="list-style-type: none"> • Schools Data Subject Access Request Policy • Schools Data Subject Access Request Log • Schools Data Subject Access Request Form • Schools Data Subject Access Request Acknowledgement Letter Template • Schools Data Subject Access Request Extension Letter Template • Schools Data Subject Access Request Response Letter Template • Subject Access Code of Practice ICO Document 	July 2021 Version 2 shared in October 2021 (updated with new policy and document banner)- only Schools Data Subject Access Request Policy and Schools Data Subject Access Request Form
Schools Data Processing Policy	October 2021
Transferring School Records to the Anglesey Archives Policy	October 2021

Many of the policies and documents that have been shared have been up-dated to reflect the legislation change from GDPR to UK GDPR. The UK GDPR has been adopted since the UK left the European Union and policies and documents have been amended to include reference to the UK GDPR.

Documents have also been up-dated to include the new policy and document banner that states '*Anglesey Schools Data Protection Officer Service*' rather than the '*Anglesey Learning Service*' to reflect the difference between both services. A clearer distinction is now being made between schools and the Learning Service as both have separate data protection process (i.e. the Learning Service comes under the

corporate data protection process where as the schools have a standalone data protection process).

All policies, guidance, documents and templates are available to be downloaded from the Learning Service Microsite, where there is a dedicated section for data protection matters.

A training session with Headteachers and relevant staff from the schools have been held on a catchment area basis with primary schools and as a secondary school group for the secondary schools. The training sessions were held in conjunction with sharing the policies and documents so that schools have an understanding of the content of the policies and documents. This makes it easier for schools to be able to monitor and be able to evidence their compliance of the policies as they have a better understanding of the content. This arrangement will continue with the sharing of any new policies and documents.

2.2.2. Data Protection Training

2.2.2.1. E-Learning

In May 2018, a mandatory e-learning module was introduced for all Council staff to provide a foundation level of knowledge about the requirements of the GDPR. This included school staff.

Although some school staff had completed the module back in 2018, not all staff had completed this. Schools are now in the process of ensuring that all of their staff have completed this module. Up to the 31st October 2021, 66% of school staff had completed the module, and schools are continuing to ensure that staff are completing this module as soon as possible (many via their HMS training days).

Similarly, up to the 31st October 2021, 51% of school staff had completed the mandatory on-line cyber awareness module, but schools are continuing to ensure that staff have completed this module as soon as possible.

2.2.2.2. Data Protection Training Delivered by the Schools Data Protection Officer

The following training has been provided to schools by the Schools Data Protection Officer between July 2020 and November 2021:

Subject	Category of Staff	Date Delivered
Go through the main data protection principles in the Headteachers induction/re-familiarisation session	Headteachers	06.11.20
Data protection for School Governors training	School Governors	26.11.20

Data protection policies and documents training/awareness session to catchment areas (Stage 1 policies)	Headteachers	04.01.21 & 08.01.21
Data protection for School Governors training	School Governors	28.01.21
Data protection policies and documents training/awareness session to catchment areas (Stage 2 policies)	Headteachers	23.02.21 & 26.02.21
Go through the main data protection principles in the Headteachers induction/re-familiarisation session	Headteachers	09.11.21
Data protection for School Governors training	School Governors	25.11.21
Data protection policies and documents training/awareness session to catchment areas (Stage 3 policies)	Headteachers	26.11.21 & 29.11.21 (more sessions to be held)
General data protection awareness training for school staff via catchment areas	All school staff	26.11.21 (more sessions to be held)

Data protection training to other school staff other than Headteachers has not been delivered during this period due to the Covid 19 pandemic, but training sessions have been arranged going forward.

Training sessions will be held with Headteachers with each data protection policies and documents package that is shared.

3. Schools Data Protection Plan

3.1. Support Plan for Schools- Schools Data Protection Policies and Procedures 2020-2021

In September 2020, a 'Support Plan for Schools- Schools Data Protection Policies and Procedures 2020-2021' was developed and was presented to schools in November 2020.

A number of policies were shared with schools to adopt and training sessions were provided as part of this plan.

A number of actions have been moved to the 2021-2022 plan due to other priorities due to the pandemic and due to the long term sickness absence of the Schools Data Protection Officer.

3.2. Schools Data Protection Plan 2021-2022

In September 2021, the *Schools Data Protection Plan 2021-2022*, was presented to schools. This has been developed based on the previous plan for the 2020-2021 school year.

The Council commissioned *Strategic Risk Practice Zurich Risk Engineering UK* to perform a review and to prepare an inspection report on data/information governance and the level of GDPR implementation across Anglesey schools in 2019.

As a result of this report, an Action Plan was created between the Council's Audit and Risk Service and the Learning Service in order to respond to the points raised in the *Zurich* report. This plan incorporates any actions that are outstanding within the Action Plan.

This plan contains the following pieces of work and actions, some of which have already commenced:

3.2.1. Data Protection Policies and Documents

A number of policies and documents will be provided to schools to use and adopt. A number of these are up-dated versions following the implementation of the UK GDPR and the adoption of the new policy and document banner. Please see section 2.2.1 for details of policies and documents that have already been shared with schools.

The following documents and policies will be shared with schools under the plan:

- **Schools Data Protection Impact Assessment Package:**
 - Schools Data Protection Impact Assessment Policy
 - Schools Data Protection Impact Assessment Template
 - Risk Register Template
 - Risk Matrix

- **Schools CCTV System Package**
 - Schools CCTV Policy
 - CCTV Systems Log

- **Schools Record Management Policy**
- **Schools E-Safety Policy**
- **School Staff Email Policy**
- **School Staff Social Media Policy**
- **Consent Form Package**
- **Taking Photos for the Purpose of School Publicity Policy**

3.2.2. Develop a Policy Acceptance Process

Work has begun at looking to develop a process for schools to use to keep a record of policies that school staff have read and accepted, similar to that of what the

Council uses (4policy system). This will support schools to keep records as evidence that staff have read and accepted key data protection policies.

3.2.3. Using the School Management Review (SMR) as a Monitoring Tool

Individual schools have been answering the data protection related questions on the School Management Review System in order to establish a baseline of where they consider themselves to be against the different elements of data protection compliance.

As schools progress through the *Schools Data Protection Action Plan*, they will be able to amend their scores to move towards the 'excellent' status.

Sessions have been held with schools who need support with completing the data protection questions.

Every data protection policy that is shared and needs to be formally adopted by the school governing body is being added to the SMR. Every school will need to confirm on the system when each individual policy has been formally adopted.

The SMR will be used by the Schools Data Protection Officer to measure and review progress in relation to adopting policies and with general data protection compliance.

3.2.4. Mapping Data Processors

A piece of work mapping out data processors and ensuring schools have appropriate data protection agreements with all of their data processors has commenced.

This involves individual schools confirming which systems, programmes and apps they use and checking that they have Data Processing Agreements or other appropriate data protection agreements in place with providers (data processors).

3.2.5. Mapping the Data Flows between the Schools and the Council

A piece of work mapping out the data flows between the schools and the Council to identify where an agreement is required has commenced. This will clearly distinguish data protection relationships between the schools, Council and providers.

3.2.6. Service Level Agreement for the Schools Data Protection Officer Service

A Service Level Agreement between the Council and the schools for the Schools Data Protection Officer role has been developed. This has been shared with schools for comment and a final version has been shared in November 2021 for schools to sign.

The Service Level Agreement makes it clear what the role of the Schools Data Protection Officer is and what support is provided to schools under the agreement. Data Protection is also now included in the Partnership Agreement between schools and the Learning Service.

3.2.7. Termly Schools Data Protection Up-Date and Newsletter

The plan also includes termly data protection up-dates delivered by the Schools Data Protection Officer to the Primary and Secondary Schools Forums to discuss data protection matters and progress against the *Schools Data Protection Plan*.

This also includes sharing a newsletter. The first newsletter has been shared with schools in November 2021.

There is also a schools data protection section within the school governors' bulletin.

The Schools Data Protection Officer is also regularly invited to attend the Primary and Secondary Schools Strategic Forum meetings to discuss data protection matters of concern.

3.2.8. External Support for the Schools Data Protection Officer

External support is being provided by Cwmni Celyn in relation to some of the actions and pieces of work within this plan.

To-date, Cwmni Celyn has been providing support with mapping data processors and with mapping the data flows between the schools and the Council.

Support will also be provided with creating a Records of Processing Activities (ROPA) template for schools.

4. Secondary Schools Cyber Incident

It was discovered on the 23rd June 2021 that a potential cyber-incident had occurred which affected all of the five secondary schools on Anglesey- Ysgol Syr Thomas Jones; Ysgol Uwchradd Bodedern; Ysgol Gyfun Llangejni; Ysgol David Hughes and Ysgol Uwchradd Caergybi.

It was not known at the time if personal data held on the schools' systems could have been compromised during the incident. The alarm was raised following discovering suspicious traffic on secondary school email servers.

Information technology systems - including email accounts - had been temporarily disabled to contain the incident at the time. There was disruption at the schools whilst the incident was being contained.

A team of specialised cyber-technology consultants were immediately brought in by the Council to investigate the incident. The National Cyber Security Centre (NCSC) also provided support to resolve matters. Forensic analysis of the cyber incident found no evidence that ICT systems were infiltrated or compromised.

The incident was reported to the Information Commissioner's Office (ICO) and an investigation has begun.

The incident prompted the Council to bring forward planned works, as part of the Welsh Government's Hwb programme, to upgrade information technology systems of the secondary, special and primary schools. The work to upgrade the ICT systems and infrastructure began over the summer holidays.

Data systems that the schools were using have been transferred on to the Hwb cloud services. Work is on-going to complete the transfers.

Being on Hwb will help make the systems at the schools as robust as possible and reduce the risk of any potential cyber-attack or incidents in the future.

Cyber-attacks are on the increase and still pose a real threat to schools, but the upgrading of the systems and infrastructure puts schools in a safer situation.

The *Schools Data Protection Plan* has been reviewed in light of the incident, as it impacted on the originally proposed timeline.

5. Schools Data Protection Officer Statement- November 2021

Since the last report, issued in July 2020, due to the Covid 19 pandemic, schools have not been in a position to be able to progress the data protection programme as quickly as would normally be the case. Many priorities and actions were identified in the last report, but it has been difficult for schools to give a greater level of priority to this work due to dealing with the pandemic. Also, due to a period of long term absence of myself as the Schools Data Protection Officer, some aspects of the plan have been moved forward. External support is being provided by Cwmni Celyn in relation to some of the actions and pieces of work within this plan.

Targets have been reviewed several times, but despite the pandemic and the long term sickness of myself, some progress has been made in terms of adopting key data protection policies (*please see the table in section 2.2 that notes progress to-date against identified actions from the last report*). Significant work has also been undertaken in upgrading the schools' ICT systems and infrastructure by transferring to the Hwb cloud services.

The day-to-day information management **practices** within the schools are still acceptable and there have been positive steps. All schools are registered with the Information Commissioner's Office (ICO) and are paying their annual data protection fee and all schools have adopted the statutory Schools Data Protection Policy. All schools have registered for the Wales Accord on the Sharing of Personal Information (WASPI) since July 2020. There is also an increase in the number of contacts I as the Schools Data Protection Officer receive from schools asking for advice and guidance.

However, further work still needs to be done on ensuring that all key data protection policies and documents have been adopted and that schools are monitoring and can evidence their compliance with these policies (it continues to be a responsibility of

the school governing body to ensure all relevant policies are adopted, including statutory policies e.g. Data Protection Policy). There is still further work to be done to ensure that all schools have robust processes in place to deal with data breaches and data subject access requests.

Work still needs to be carried out to ensure that data protection risks are effectively managed and that appropriate agreements are in place with data processors. There is still more to do around identifying and delivering specific training for school staff, including the governing body, to ensure that everyone within the school structure is aware of their data protection responsibilities.

It is essential that the schools understand their responsibilities and implications as the data controller and the legal expectations that come as a result. I believe that schools do now better understand their data protection obligations and the importance of data protection and are now giving more priority to ensuring that actions are taken to comply with requirements under data protection legislation.

Schools Data Protection Officer Assurance Assessment (November 2021)	Reasonable Assurance
The process of beginning to have policies, processes and practices in place to comply with data protection legislation has started within the schools, but there is still more work to be done to have all schools on the same level and ensuring that schools have all the basic requirements in place to be complying with data protection legislation.	

6. Conclusions and Next Steps

- Due to the Covid 19 pandemic, schools have not been in a position to be able to progress the data protection programme as would normally be the case. Many priorities and actions were identified in the last report, but it has been difficult for schools to give a great level of priority to this work due to dealing with the pandemic.
- The schedule of the plan will be reviewed, taking into consideration the views of Headteachers.
- Progress has been made in terms of adopting key data protection policies and with upgrading the schools' ICT systems and infrastructure by transferring to the Hwb cloud services.
- The day-to-day information management **practices** within the schools are still acceptable i.e. paying the ICO registration fee.
- Further work still needs to be done on ensuring that all key data protection policies and documents have been adopted and that schools are monitoring and can evidence their compliance with these policies.
- There is still further work to be done to ensure that all schools have robust processes in place to deal with data breaches and data subject access requests.

- Work still needs to be carried out to ensure that data protection risks are effectively managed and that Data Protection Impact Assessments are completed for high risk processing activities.
- Work needs to be completed in ensuring that appropriate data protection agreements are in place with data processors.
- There is still more to do around identifying and delivering specific training for school staff, including the governing body, to ensure that everyone within the school structure is aware of their data protection responsibilities.
- There is a need to ensure that schools have a *ROPA* (including data flow maps) and an Information Asset Register in a place that are kept up-to-date.
- There is a need to ensure that all schools have suitable and up-to-date Privacy Notices and that they are shared and are available to individuals and that data collection forms and consent forms include a summary of the Privacy Notice.
- Work needs to be completed around the use of consent including reviewing the current forms.
- Work needs to be completed around access to information and disposing of old documents within schools.
- The Schools Data Protection Officer needs to undertake an audit visit to all schools to monitor compliance with data protection obligations.

The process of beginning to have policies, processes and practices in place to comply with data protection legislation has started within the schools, but there is still more work to be done to have all schools on the same level and ensuring that schools have all the basic requirements in place to be complying with data protection legislation.

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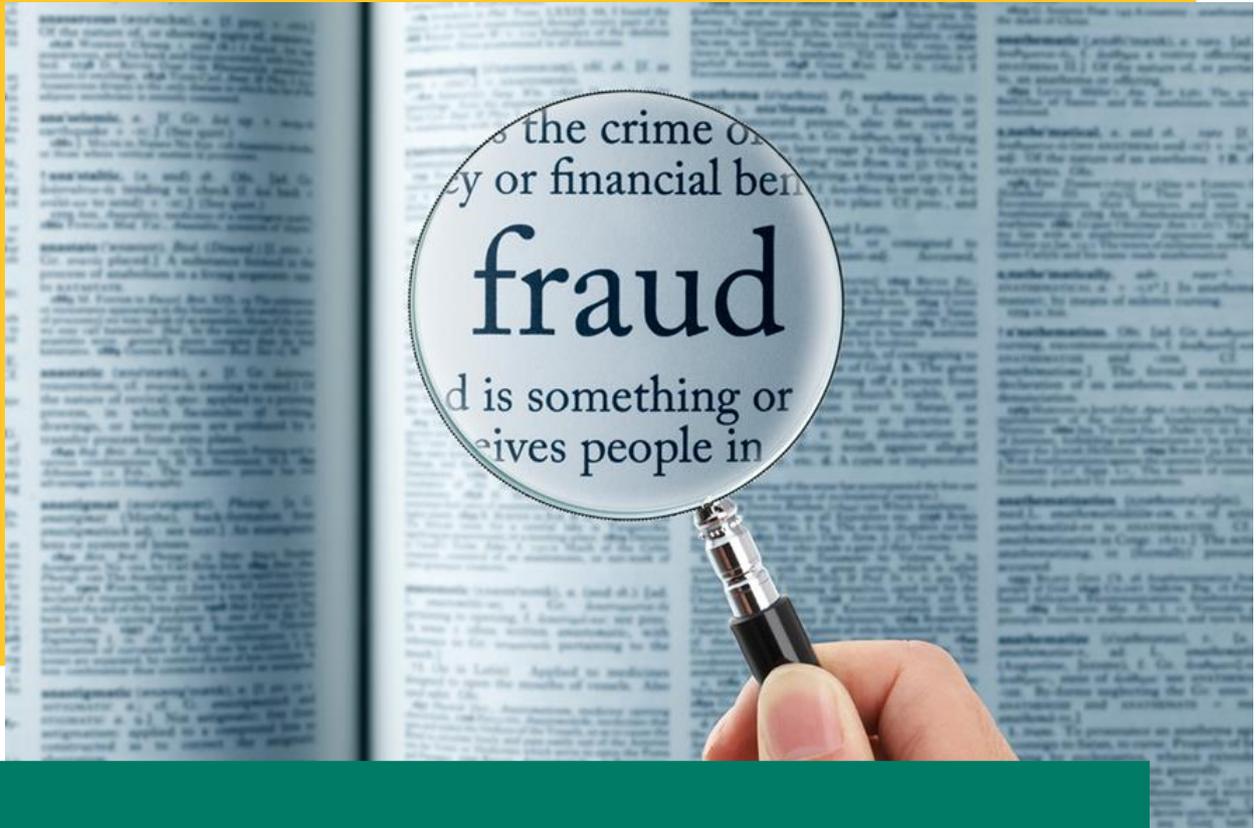
ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	09 December 2021
Pwnc: Subject:	Counter Fraud, Bribery and Corruption Strategy 2021-24
Pennaeth Gwasanaeth: Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: The Governance and Audit Committee has oversight responsibility for the Council's arrangements for preventing, detecting, investigating and prosecuting fraud and corruption.	

1. INTRODUCTION

1.1 This report presents the activity that Internal Audit will carry out during 2021-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

2. RECOMMENDATION

2.1 That the Governance and Audit Committee reviews and notes Internal Audit's strategy for countering fraud, bribery and corruption for 2021-24.



COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY 2021-24

Marion Pryor BA MA CMIIA CPFA

December 2021

Head of Audit & Risk

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INTRODUCTION

This report presents the activity that Internal Audit will carry out during 2021-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

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).

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.

Minimising fraud and irregularity is vital in ensuring resources, intended to provide essential services to the residents and businesses of the Isle of Anglesey, are used for that purpose. Fraud committed against the Council is a theft of taxpayers' money, can cause reputational damage for the Council, a loss of confidence amongst the public or stakeholders, and have an adverse effect on staff morale. Through effective counter-fraud measures, the Council can reduce the risk of error, loss and fraud.

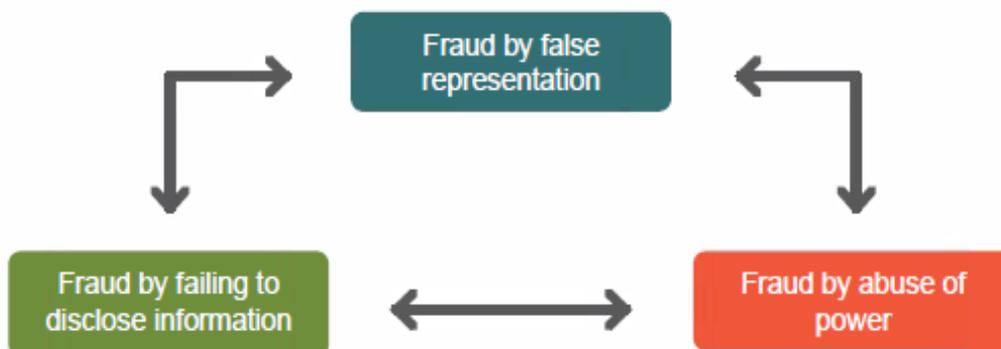
Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

The purpose of this strategy is to ensure that the Isle of Anglesey County Council does all that it can to address this threat and minimise the risk of fraud and corruption occurring.

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 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 they use scarce funds effectively.

In Wales, the Auditor General's report (2019)¹ 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”.

¹ 'Counter-Fraud Arrangements in the Welsh Public Sector - An Overview for the Public Accounts Committee', Report of the Auditor General for Wales, June 2019

COUNTER FRAUD ARRANGEMENTS AND RESOURCING

UK arrangements for counter fraud

A number of bodies support and drive good counter fraud practice across the UK, including CIPFA's Counter Fraud Centre, the National Anti Fraud Network (NAFN)² and most notably, the National Fraud Initiative (NFI).

The government anti-fraud programme, run by the Cabinet Office, was set up in 1996 to protect public money and punish fraudsters. It reports that it has detected or prevented more than £2bn since it was set up 25 years ago. It identifies attempts to defraud the government and claims to have helped public bodies prevent nearly £850m of pension payments being made in error, £370m of housing benefit fraud and more than £300m of council tax fraud, and has led to 183,000 invalid disabled parking permits being pulled out of circulation.

Wales-wide arrangements for counter fraud

A recent review of counter-fraud arrangements across the Welsh public sector by the Auditor General reported that the resources devoted to counter-fraud activity vary widely across the public sector in Wales. 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.

Regional arrangements

In the absence of an overarching group or professional network that specifically promotes counter-fraud in local government in Wales, 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. At the time of writing, it has met three times and it is currently working to benchmark good practice with regards to the 15 recommendations made in the Auditor General's report from July 2020³.

² NAFN is a public sector organisation currently hosted by Tameside MBC. Membership is open to any organisation that has responsibility for managing public funds and/or assets. Currently, almost 90% of local authorities are members.

³ 'Raising Our Game' Tackling Fraud in Wales - Report of the Auditor General for Wales, July 2020

Arrangements in the Council

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.

The CIPFA Code 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.

We have recently recruited a Senior Auditor who is a qualified Accredited Counter Fraud Technician. We will be using their skills to drive forward counter fraud activity within the Council.

CURRENT AND EMERGING FRAUD RISKS AND OPERATIONAL OBJECTIVES

The volume of alleged fraud cases heard in UK Courts nearly doubled to 151 cases in 2021 compared to 76 in the same period in 2020, with the total value of monies lost to fraud dropping to just under £140 million in 2021, compared to just under £460 million in the same time in 2020⁴.

Professional criminals targeted the public amid COVID-19 disruption to the tune of £37m, which increased from £20.5m in the same period in 2020.

Housing Fraud

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. Tenancy fraud includes illegal subletting, wrongful succession, lying about tenancy agreements or housing applications and failures to disclose changed circumstances, and costs the taxpayer thousands of pounds each year.

With an already huge demand for social housing, properties should not be left empty because the tenant has moved in with a partner, is living somewhere else, or is making money by illegally subletting their council property. Tenancy fraud denies people on the Council's waiting list a decent home.

Although the Head of Housing Services has assessed that, generally, tenancy fraud is low in Anglesey, we will work with the NFI to identify:

- where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies
- cases where a housing tenant has died, but the Council may not have been notified so has not removed them from the tenancy
- where an individual appears to have registered on the waiting list using a different address to the one on the housing rents system, suggesting possible undisclosed changes in circumstances or that false information has been provided.

⁴ KPMG UK Fraud Barometer, published August 2021, covering the period January to June 2021

Council Tax Single Person Discount

Council tax single person discount (SPD) is the second largest growing fraud area in the UK and represents almost two-thirds (65%) of the identified instances of fraud, with an estimated value of £35.9m in 2019-20 (£29.0m 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 2021 screened 11,200 accounts, targeted 2,245 accounts and identified 484 errors, with an error rate of 4.3%. The estimated revenue generated from this review is £152,090.

Disabled Parking Concession

Disabled parking concession (Blue Badge Scheme) represents 17% of the total cases of UK estimated public sector fraud. We work with the NFI to identify cases where a permit holder has died but the Council may not have been notified. In these cases, we have worked with Cyswllt Môn to cancel the permit and update the system to ensure the pass is not renewed.

However, some local authorities also take additional steps to prevent fraudulent abuse, such as taking steps to recover the permit, referring the information to parking attendants to check the permits are not being used to avoid parking fees, and some authorities use the intelligence to recover social services equipment that was on loan to the deceased individual.

We will work with Cyswllt Môn to bolster our counter fraud activities in this area.

Grant fraud

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

The COVID-19 pandemic led to the government quickly implementing expansive stimulus packages to support individuals and businesses through this period. Previous experience of natural events and worldwide disasters showed that criminals would take advantage in such situations and that some of the support might go to the wrong places. Organised crime groups were committing business grant fraud nationwide; corporate impersonation, opportunistic claims and false registration for empty properties was widespread.

The risk of irregular payments was therefore high in the emergency. It can often be difficult to put in robust controls because of the pace of operation. However, the Grants Team implemented low friction up front controls, which we supplemented by distributing NAFN intelligence and providing a member of the Internal Audit Team to assist with undertaking checks prior to payment.

We will also undertake robust post-event assurance activity. We will work with the NFI to identify those claiming multiple grants, those fraudulently in receipt of Small Business Rate Relief within and between authorities, and those claiming both Small Business Grant Fund and Retail Hospitality Leisure Grants, which are mutually exclusive within and between authorities.

Procurement

Procurement was one of the highest perceived fraud risk areas in 2019-20 and has been for two years running. In the UK courts, procurement fraud increased 400% by volume (from three cases in 2020 to 15 in 2021) and by value to £9.5m from £2.6m compared to 2020.

This area therefore requires 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, and that we do not have a consistent system or approach at present.

We are therefore currently undertaking a review of the Council's vulnerability to procurement fraud and will report early in 2022.

Purchase to pay

Invoice and mandate scams were only the sixth most common type of 'Authorised Push Payment' scams in 2020, however they accounted for 17% of all losses, totalling £81.9m. The majority of losses by value, some £52.5m, were from non-personal or business accounts, where the average fraudulent payment was £18,871.⁵

We will continue to work with the Creditors Team to identify and prevent error and fraud, including through the use of data analytics.

⁵ Fraud - The Facts 2021, UK Finance

STRATEGIC OBJECTIVES

When writing our Annual Report, we considered CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption (2014)⁶ (the CIPFA Code), which sets out best practice for counter fraud work in local government, based on five principles. However, a more recent publication, also endorsed by CIPFA, is the 'Fighting Fraud and Corruption Locally Strategy for the 2020s'⁷ (FFCL), which is the overarching counter fraud and corruption strategy for local government in England, and provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities. In the absence of a Wales-specific strategy, we have used this to underpin our strategic focus.

Similar to the CIPFA Code, the FFCL strategy focuses on five pillars of activity, or strategic objectives, and helps us to set out where the Council needs to concentrate its counter-fraud efforts. These are:

Govern

The foundation of the Strategy is that *'those charged with governance'* support the activity by ensuring that there are robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council.

Beating fraud is everyone's business, and the Council needs robust internal arrangements, which are communicated throughout the Council to demonstrate the culture and commitment to preventing fraud.

GOVERN
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

Objectives:

The Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. Additionally, having a corporate counter fraud framework, which provides a whole range of high-level parts, will contribute to the Council having an effective counter-fraud strategy. We will therefore undertake a comprehensive programme of policy refreshment and counter fraud awareness raising. An eLearning package will also be delivered as part of this strategy.

⁶ <https://www.cipfa.org/services/networks/better-governance-forum/counter-fraud-documentation/code-of-practice-on-managing-the-risk-of-fraud-and-corruption>

⁷ <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

Acknowledge

To create a counter-fraud response, the Council must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource for tackling fraud.

The Senior Leadership Team (SLT) has acknowledged the threats of fraud and corruption and the harm they can cause to the Council, its aims and objectives and to its service users by mandating the inclusion of fraud in every service risk register.

We submit an annual report to the Governance and Audit Committee to enable it to challenge activity and understand the Council's counter fraud activity.

ACKNOWLEDGE

Assessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with Governance.

Objectives:

We will, in conjunction with services, develop three key work streams which will:

- seek to identify fraud risks across the Council
- assess fraud control activities and their effectiveness, and
- dedicate the right level of resource to investigating and detecting fraud where reported

A counter fraud working group will be developed during 2021-22 to help identify fraud risk across the Council. We will work with the group to develop a fraud risk assessment to identify the possible frauds to which services may be exposed. The assessment will estimate both the potential impact of a given fraud and the likelihood of it occurring.

The results of the assessments will enable the Council to understand better the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.

Reactive referrals are often the primary source of work for the Internal Audit Team. It is often the alertness of the public or employees that generate these referrals and enables detection to occur. We will explore the provision of a fraud-reporting tool for staff and public to report concerns.

Prevent

<p>The Council can prevent and detect by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.</p> <p>The Council has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs and aims to have sound financial systems and procedures, which incorporate efficient and effective internal controls.</p>	<p style="text-align: center;">PREVENT</p> <p style="text-align: center;">Making the best use of information and technology.</p> <p style="text-align: center;">Enhancing fraud controls and processes.</p> <p style="text-align: center;">Developing a more effective anti-fraud culture.</p> <p style="text-align: center;">Communicating its activity and successes.</p>
<p>Objectives:</p> <p>We will participate in the annual and biennial NFI exercises, which use data provided by some 1,200 participating organisations from across the public and private sectors to prevent and detect fraud. The NFI matches electronic data within and between public and private sector bodies, which include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The NFI data matching plays an important role in protecting the public purse against fraud risks.</p> <p>We will promote an anti-fraud culture across the Council by publicising the impact of fraud on the Council and the community, through social media.</p> <p>We will continue to share National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year.</p> <p>The best way to prevent fraud is to share knowledge and raise awareness. Therefore, we will in conjunction with the Training and Development Team, hold regular fraud awareness raising events, including issuing newsletters, training sessions and briefings.</p> <p>All fraud occurrences are required to be reported to Internal Audit. We will report investigation outcomes and lessons to be learned to the Governance and Audit Committee and the Senior Leadership Team.</p>	

Pursue

While preventing fraud and corruption from happening in the first place is the Council's primary aim, it is essential that a robust enforcement response is available to pursue fraudsters and deter others.

The Council will always seek the strongest possible sanction against any individual or organisation that defraud or attempt to defraud the Council.

A further element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an integral part of the Strategy, and action will be taken to recover losses. Where criminality has been proven then the Proceeds of Crime Act 2002 will, where appropriate, be used to recover funds.

Other methods of recovery may include, but are not confined to, civil proceedings; unlawful profit orders and compensation orders.

PURSUE

Prioritising fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

Objectives:

We will continue collaborating across the north Wales region to drive forward improvements in counter fraud activity, including addressing the 15 recommendations made by the Auditor General in his July 2020 report.

We will also continue collaborating across national boundaries to collaborate with the North West Chief Audit Executive Counter Fraud Sub Group, to learn lessons, share good practice and close the gap.

Protecting itself and its residents

This theme lies across the pillars of this strategy and involves protecting the Council against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the wider community. It also covers protecting public funds, protecting the Council from cyber-crime and protecting itself from future frauds.

The Council recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community.

We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the Council and partner agencies to prevent fraud and safeguard the vulnerable.

PROTECTING ITSELF AND ITS RESIDENTS

Having robust arrangements and executive support to ensure antifraud, bribery and corruption measures are embedded throughout the organisation.

Recognising the harm that fraud can cause in the community.

Objectives:

To ensure our counter fraud strategy aligns with the Council's safeguarding responsibilities to actively protect the most vulnerable in our communities, we will work closely with social care teams to develop joint approaches to identify best practice in countering risks relating to social care fraud.

CONCLUSION

As custodians 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.

Some level of public sector fraud is likely, even in normal times, but the past 21 months has yielded 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. This strategy establishes a robust way forward to ensure the Internal Audit Team is able to:

- adapt to emerging threats and issues, and address current and future fraud risks across the Council;
- assess, analyse and report on existing and future fraud risks affecting the Council, and;
- identify requirements for future counter fraud work.

Progress against the strategy and the activities required to achieve its objectives will be reported to the Governance and Audit Committee, and will be subject to continuous review.

There is 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 <https://www.ukfinance.org.uk/policy-and-guidance/reports-publications/fraud-facts-2021>
- CIPFA Fraud and corruption tracker, National Report 2020 (February 2021) <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fraud-and-corruption-tracker>
- Fighting Fraud and Corruption Locally, A Strategy for the 2020s, <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>
- Review into the risks of fraud and corruption in local government procurement, Ministry of Housing, Communities and Local Government, June 2020 <https://www.local.gov.uk/review-risks-fraud-and-corruption-local-government-procurement>
- 'Raising Our Game' Tackling Fraud in Wales, Report of the Auditor General for Wales, July 2020 <https://www.audit.wales/publication/raising-our-game-tackling-fraud-wales>
- Counter-Fraud Arrangements in the Welsh Public Sector, An Overview for the Public Accounts Committee, Auditor General for Wales, June 2019 <https://www.audit.wales/publication/counter-fraud-arrangements-welsh-public-sector>
- CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, 2014 <https://www.cipfa.org/services/networks/better-governance-forum/counter-fraud-documentation/code-of-practice-on-managing-the-risk-of-fraud-and-corruption>

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE & AUDIT COMMITTEE
DATE:	9 DECEMBER 2021
SUBJECT:	TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2021/22
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WILLIAMS
HEAD OF SERVICE:	MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
REPORT AUTHOR:	JEMMA ROBINSON
E-MAIL:	JemmaRobinson@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is intended to provide the following: -

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

A report setting out our Capital Strategy was taken to the Executive Committee on 1 March 2021, and a revised Strategy for 2022/23 will be taken to the full Council before 31 March 2022.

1.2 Treasury Management

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

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

Accordingly, treasury management is defined as:-

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

2. Introduction

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

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

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

- An economic update for the first half of the 2021/22 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of any debt rescheduling undertaken during 2021/22;
- A review of compliance with Treasury and Prudential Limits for 2021/22.

3. Economic Update

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

	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Bank Rate (%)	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%
5yr PWLB rate (%)	1.40%	1.40%	1.50%	1.50%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
10yr PWLB rate (%)	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.10%
25yr PWLB rate (%)	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%
50yr PWLB rate (%)	2.00%	2.00%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%

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

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

- 4.1 The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by the full Council on 09 March 2021. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. Annual Investment Strategy

- 5.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions. As shown by the interest rate forecasts in section 3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020 until the MPC meeting on 24 September 2021, when 6 and 12 month rates rose in anticipation of Bank Rate going up in 2022. Given this risk environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.
- 5.2 The Council held £38.070m of investments as at 30 September 2021 (£25.066m at 31 March 2021) and the investment portfolio yield for the first six months of the year was 0.01%. A full list of investments as at 30 September 2021 can be found in Appendix 3. A summary of the investments and rates can be found in Appendix 4.
- 5.3 The approved limits within the Annual Investment Strategy were not breached during the first six months of 2021/22.
- 5.4 The Council's budgeted investment return for the whole of 2021/22 is £0.036m and performance for the year to date is not in line with the budget, with only £0.005m received to the end of Quarter 2. Our projection to year end is that we will underachieve the budget as, although our cash balances have been higher than normal, this is offset by the lower than anticipated interest rates.
- 5.5 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 5.6 The approved countries for investments can be seen in Appendix 5.
- 5.7 The table below shows a list of investments made to other Local Authorities during the first half of this financial year. Given that security of funds is the key indicator of this Council, other Local Authorities is seen as the most secure way of investing funds, and this gives a greater rate of return than most bank call accounts.

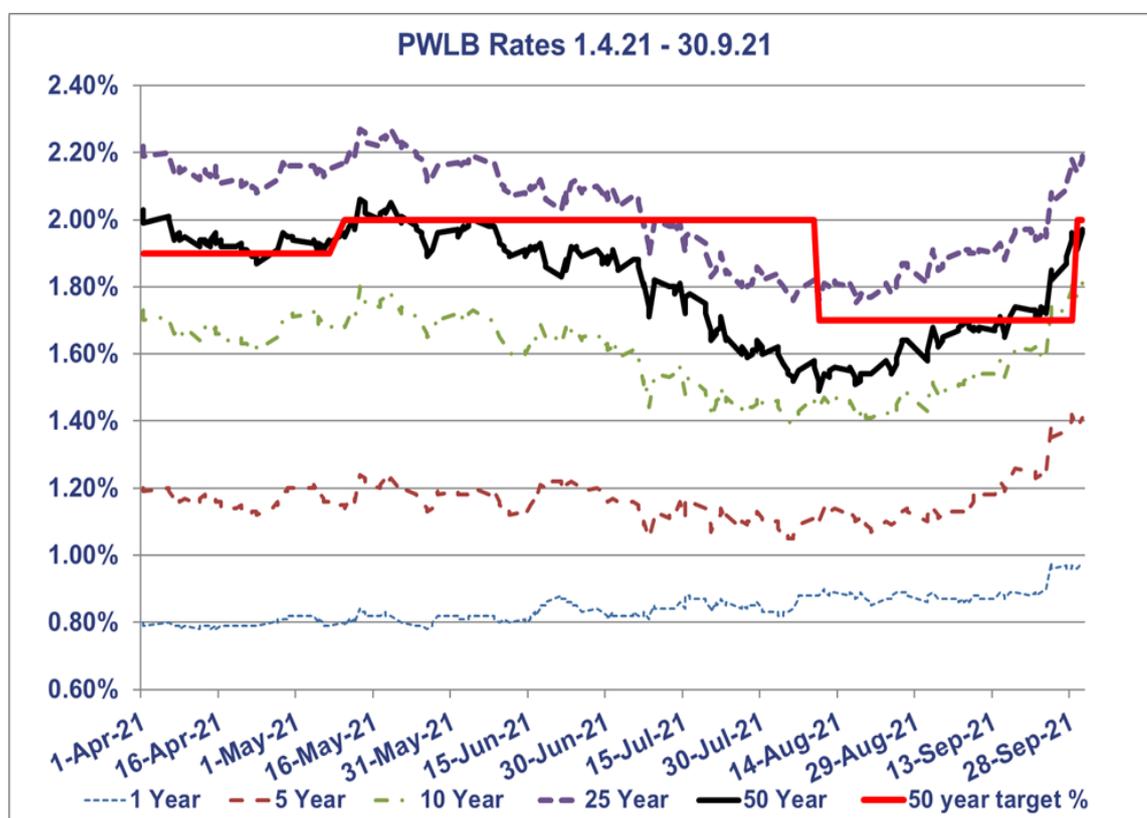
Local Authority	Start Date	End Date	Interest Rate %	Amount £
Flintshire County Council	23/06/2021	23/09/2021	0.03	5,000,000

6. Borrowing

- 6.1 The projected capital financing requirement (CFR) for 2021/22 is £140.9m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has projected year end borrowings of £124.9m and will have used £16.0m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate, but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

6.2 A sum of £509k (interest free Salix loan) was received in the first half of the year, being the last instalment of this loan. No further borrowing was undertaken during the first half of this financial year, and, it is not anticipated that any additional external borrowing will need to be undertaken during the second half of the financial year. There will be a borrowing requirement to fund a part of the 2021/22 capital programme, but this will be through internal borrowing (drawing down cash balances). This will delay capital financing costs while the Council's cash balances can absorb this internal borrowing. In the more medium-term, this might need externalising if Council cash balances become low. The capital programme is being kept under regular review due to the effects of coronavirus and shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September. The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September, after the MPC meeting of 23rd September.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.05%	1.39%	1.75%	1.49%
Date	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
High	0.98%	1.42%	1.81%	2.27%	2.06%
Date	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
Average	0.84%	1.16%	1.60%	2.02%	1.81%
Spread	0.20%	0.37%	0.42%	0.52%	0.57%

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

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

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

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

7.2 Prudential Indicator for Capital Expenditure

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

Capital Expenditure	2021/22 Original Estimate £'000	Position as at 30 September 2021 £'000	2021/22 Current Estimate £'000
Council Fund	34,386	8,666	25,427
HRA	22,561	4,583	13,641
Total	56,947	13,249	39,068

7.2.1 The projected expenditure shows that the majority of projects are on target to be completed within budget, but the main project that is forecast to be underspent is the 21st Century Schools Programme along with the Canolfan Addysg y Bont roofing works. The HRA is also forecasting a significant underspend. This is reflected in the above table. A full breakdown on the planned capital expenditure for 2021/22 is provided in the Capital Budget Monitoring Report Q2, presented to the Executive on 29 November 2021.

7.3 Changes to the Financing of the Capital Programme

7.3.1 There are some changes to the financing of the capital programme, as can be seen in the table below. The main reason for the change is as noted in paragraph 7.2.1, as there will be significant underspend in capital schemes in 2021/22. However, these schemes will slip into 2022/23, along with their funding, and it is not anticipated, at this point, that any funding will be lost due to the delays.

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

Capital Financing	2021/22 Original Estimate £'000	2021/22 Revised Estimate £'000
Capital Grants	22,217	18,416
Capital Receipts	463	521
Reserves	2,710	1,239
Revenue Contribution	17,887	10,967
Supported Borrowing	8,765	5,590
Unsupported Borrowing	4,697	2,127
Loan	208	208
Total	56,947	39,068

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

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

7.4.2 Prudential Indicator – the Operational Boundary for external debt

	2021/22 Operational Boundary as per TMSS 2020/21 £'000	2021/22 Opening Borrowing Position £'000	Amount Within the Boundary £'000	2021/22 Estimated Borrowing Position £'000	Amount Within the Boundary £'000
Prudential Indicator – External Debt/ The Operational Boundary					
Borrowing	188,000	124,524	63,476	124,949	63,051
Other long term liabilities	5,000	0	5,000	0	5,000
Total Debt 31 March	193,000	124,524	68,476	124,949	68,051

7.4.3 Prudential Indicator – Capital Financing Requirement (CFR)

7.4.3.1 We are currently slightly below the original forecast for Capital Financing Requirement due to the forecast underspend in borrowing, mainly down to the HRA forecast underspend and receiving additional grant funding received as substitute funding.

	2021/22 Original Estimate £'000	2021/22 Revised Estimate £'000
Prudential Indicator – Capital Financing Requirement		
CFR – Council Fund	105,669	102,531
CFR – HRA	40,415	38,415
Total CFR	146,084	140,946
Net movement in CFR	3,397¹	4,386²

Original CFR Forecast	146,084
Reduced MRP between TMSS 2021/22 forecast and Capital Q2 2021/22 revised forecast	620
Underspend in Unsupported Borrowing for HRA in 2021/22	-2,000
Difference on loan (difference between TMSS 2021/22 forecast and Capital Q2 revised forecast) – additional Salix loan received not known at time of producing TMSS 2021/22	208
Underspend in Unsupported Borrowing in 2020/21 and overspend in 2021/22 due to the delay in the waste contract not completing by year 2020/21 and slipping into 2021/22 and a net underspend overall due to award of grant at year end 2020/21 to fund the majority of the 2020/21 waste fleet expenditure.	-1,089
Underspend in Supported Borrowing in 2020/21 due to additional grant received in 2020/21 as substitute funding which reduced the need for Supported Borrowing	-2,877
Revised CFR Forecast	140,946

¹ Movement between 2020/21 estimate and 2021/22 estimate in TMSS 2021/22

² Movement between 2020/21 actual (per Statement of Accounts 2020/21) and 2021/22 revised estimate

7.5 Limits to Borrowing Activity

- 7.5.1** The first key control over the treasury activity is a prudential indicator to ensure that, over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent. The current borrowing position is £125.032m, which is below the CFR forecast for this and the next two financial years (see table below), therefore, this indicator has not been breached.

	2021/22 £'000	2022/23 £'000	2023/24 £'000
CFR (year-end forecast)	140,946	157,552	171,960

	2021/22 Original Estimate £'000	Current Position at 30 September 2021 £'000	2021/22 Revised Estimate £'000
External Borrowing	140,991	125,032	124,949
Internal Borrowing	5,093	15,914	15,997
Plus other long term liabilities	0	0	0
CFR (year-end position)	146,084	140,946	140,946

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

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

Authorised Limit for External Debt	2021/22 Original Indicator £'000	Current Borrowing Position as at 30 September 2021 £'000	Estimated Borrowing Position as at 31 March 2022 £'000
Borrowing	178,000	125,032	124,949
Other long term liabilities	5,000	0	0
Total	183,000	125,032	124,949

8. Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22. No difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in compliance with the Council's Treasury Management Practices.

9. Recommendation

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

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

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**
- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
 2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
 3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

US. See comments below on US treasury yields.

EU. The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan. 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

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

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table in 3.1, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Significant risks to the forecasts

COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.

- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that suppresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.
- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government's upcoming budget in October, which could also end up in reducing consumer spending power.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1st October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of “substantial further progress towards the goal of reaching full employment”. However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. **As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be ‘sustainably over 2%’ and the ECB now has a similar policy.
- **For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.**
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Crynodeb Benthycyca a Buddsoddi – Chwarteroedd 1 a 2 2021/22
Borrowing and Investment Summary – Quarters 1 and 2 2021/22

	30 Medi / Sept 2021		30 Mehefin / June 2021	
	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)
Benthycyca – graddfa sefydlog Borrowing – fixed rate				
BBGC / PWLB	121.9	4.58	121.9	4.59
Dim BBGC / Non-PWLB	3.1	0	3.1	0
Benthycyca – graddfa amrywiol Borrowing – variable rate	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Adneuon – galw hyd at 30 diwrnod Deposits – Call to 30 days	38.1	0.01	33.1	0.01
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	Dim / Nil	d/b / n/a	5.0	0.03
Adneuon – Tymor sefydlog 1 bl. + Deposits – Fixed Term 1 year +	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Cyfanswm Adneuon Total Deposits	38.1	0.01	38.1	0.01
Adneuon Uchaf yn y Chwarter Highest Deposits in the Quarter	47.1	d/b / n/a	42.1	d/b / n/a
Adneuon Isaf yn y Chwarter Lowest Deposits in the Quarter	38.1	d/b / n/a	25.1	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	42.4	0.01	36.6	0.04

ATODIAD / APPENDIX 4

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 30 Medi 2021*
Credit ratings of investment counterparties and deposits held with each as at 30 September 2021*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / Deposit £'000	Hyd (Galw/ tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O / I) / Period (From / To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating	Graddfa Tymor Byr Fitch Short Term Rating	Graddfa Tymor Hir Moody's Long Term Rating	Graddfa Tymor Byr Moody's Short Term Rating	Graddfa Tymor Hir Standard & Poor's Long Term Rating	Graddfa Tymor Byr Standard & Poor's Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	7.206	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A+	A-1	Coch – 6 mis / Red - 6 months
Santander Group plc	Santander UK plc	7.497	Galw/ Call	n/a	0.02	A+	F1	A1	P-1	A	A-1	Coch – 6 mis / Red - 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc (Rhan / Gwladoli / Part / Nationalised)	0.002	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
The Royal Bank of Scotland Group plc	National Westminster Bank Deposit	23.365	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months

* Ceir y Rhestr Benthycu Cymeradwyedig yn Atodiad 8 o'r Datganiad Strategaeth Rheoli Trysorlys 2021/22/Strategaeth Buddsoddi Blynnyddol/The Approved Lending List can be found at Appendix 8 of the 2021/22 Treasury Management Strategy Statement / Annual Investment Strategy

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

Gwledydd cymeradwy ar gyfer buddsoddi
Approved countries for investments

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

AAA

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

AA+

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

AA

- Abu Dhabi (UAE)
- Ffrainc / France

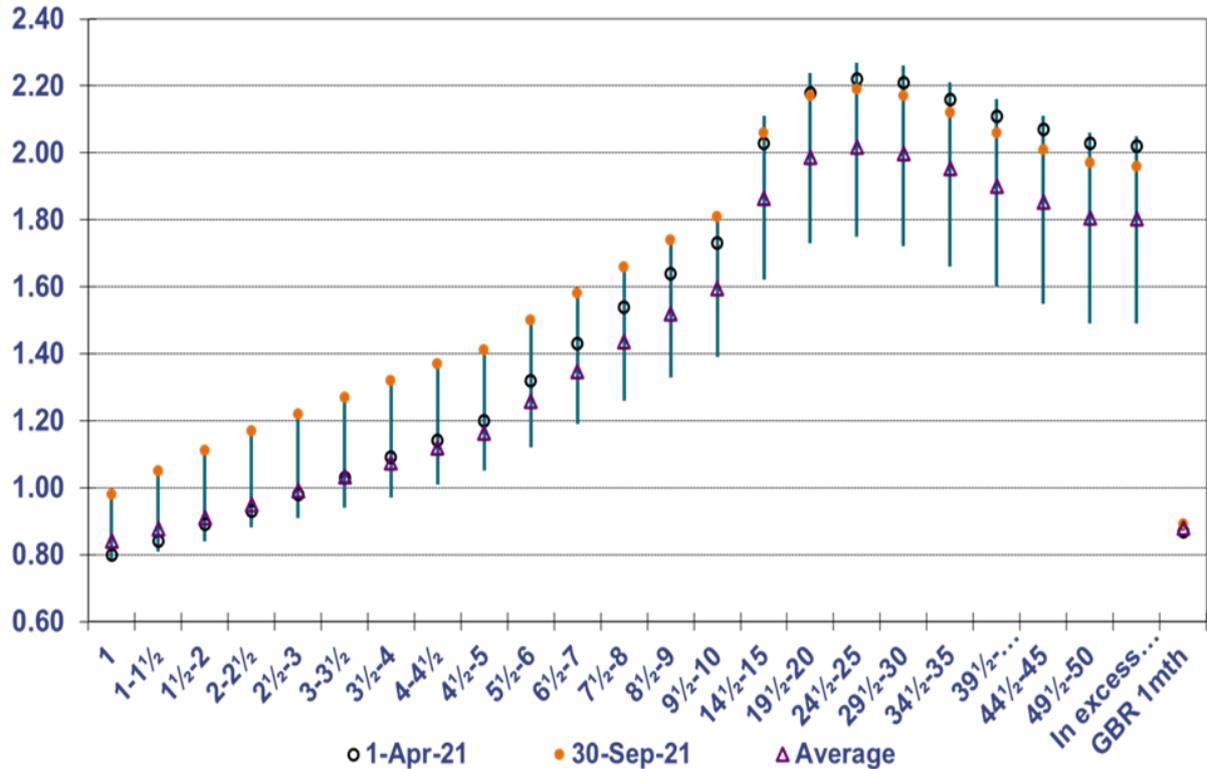
AA-

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

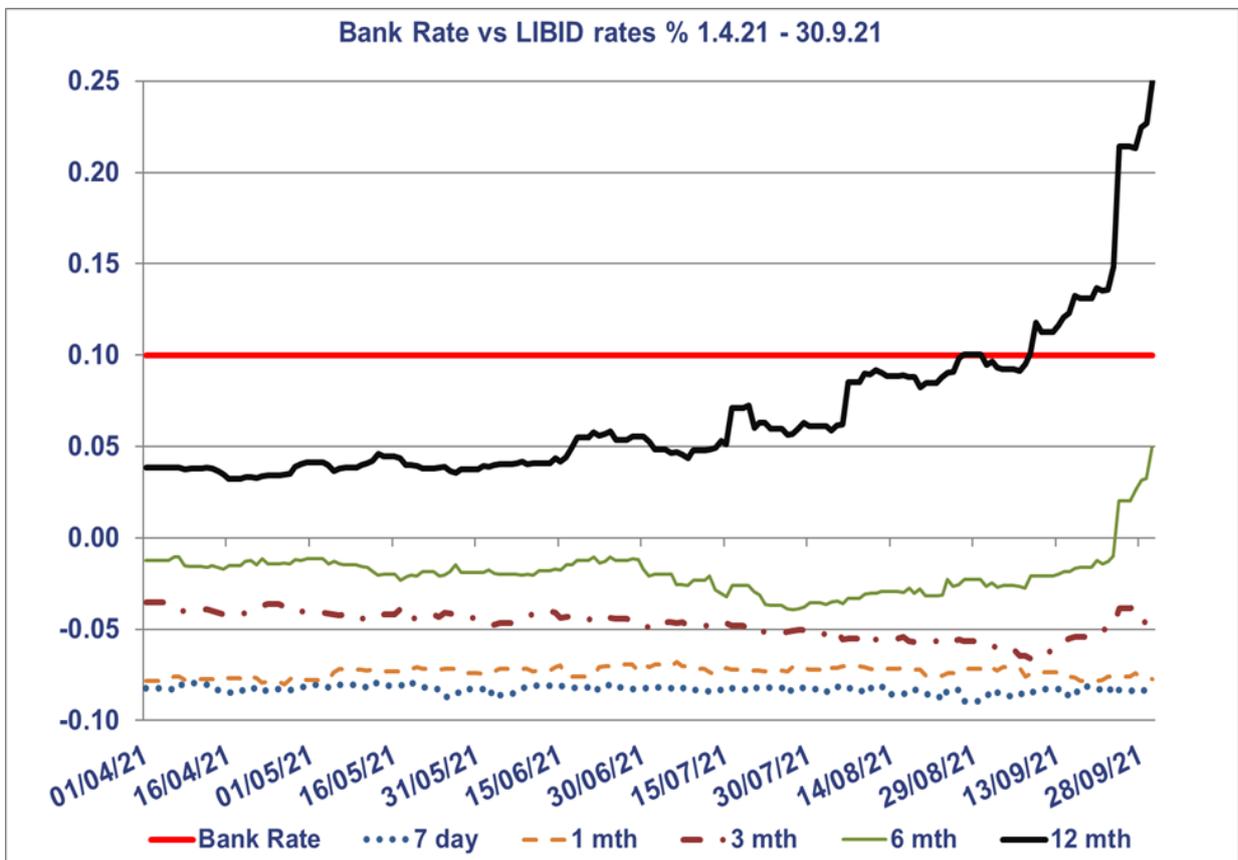
Graffiau Ychwanegol / Additional Graphs

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

PWLB Certainty Rate Variations 1.4.21 to 30.9.2021



Bank Rate vs LIBID rates % 1.4.21 - 30.9.21





Isle of Anglesey County Council Annual audit summary 2020

This is our audit summary for Isle of Anglesey County Council. It shows the work completed since the last Annual Improvement Report, which was issued in July 2019. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 30 councillors who represent the following political parties:

- Plaid Cymru 13
- The Independent Group 7
- Anglesey Independents 6
- Welsh Labour 2
- Vacant seat 2

The Council spent £143.7 million on providing services during 2019-20, the second lowest spend of the 22 unitary councils in Wales.

As at 31 March 2020, the Council had £16 million of usable financial reserves. This is equivalent to 11% of the Council's annual spend on services, the ninth lowest percentage of the 22 unitary councils in Wales.

Key facts

The Isle of Anglesey has one of its 44 areas deemed the most deprived 10% of areas in Wales, this is the 19th lowest of the 22 unitary councils in Wales¹.

The Isle of Anglesey's population is projected to decrease by 0.6% between 2020 and 2040 from 69,896 to 69,499, including a 10.5% decrease in the number of children, an 8.3% decrease in the number of the working-age population and a 22.7% increase in the number of people aged 65 and over².

The Auditor General's duties

We complete work each year to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.

- **Continuous improvement**

The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

¹ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

² Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Isle of Anglesey County Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 30 November 2020.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 15 June 2020 was good.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit and Governance Committee in our Audit of Financial Statements Report in October 2020.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. There have been delays in the certification of the Housing Benefits claims and we are working with the Council to bring the position up to date as soon as possible. However, the volume of errors identified, through our audit work, is higher than we would expect and are recurrent. This raises concerns over your quality control arrangements and your basis for identifying and addressing the training needs of staff working in this area.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed.
- Key facts and figures from the 2019-20 financial statements can be viewed [here](#).

Well-being of Future Generations Examination – An examination of early intervention and prevention to ensure that children are safe and supported (November 2019)

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to ensure that children are safe and supported. We concluded that the Council has considered and applied the sustainable development principle in developing the 'Early intervention and prevention to ensure that children are safe and supported', but there are opportunities to further embed the five ways of working. The report can be viewed [here](#).

Continuous Improvement

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

Financial Sustainability (July 2020)

During 2019-20, we examined the financial sustainability of each council in Wales. We concluded that the continual funding of unrealised savings and year-end overspends from general reserves is not sustainable, the Council needs to develop a more sustainable financial strategy to deliver services within available funding whilst building usable reserves to improve its resilience. The report can be viewed [here](#).

National Fraud Initiative

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed on our [website](#). NFI continues to be developed, and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

Other Inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response.

CIW undertook inspection of Older Adults' Services in July 2019. The report is [here](#). They published their local authority performance review letter 2019/20 in August 2020. The report is [here](#).

Estyn have undertaken a number of inspections as well as publishing thematic reports. There were no other Isle of Anglesey County Council inspections in this period, but as usual Estyn inspected local schools, and services that are registered with CIW in Anglesey were subject to regular review.

Local Government Studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

The effectiveness of local planning authorities (June 2019)

We reviewed progress of local planning authorities in delivering their new responsibilities. We conclude that planning authorities are not resilient enough to deliver long-term improvements because of their limited capacity and the challenge of managing a complex system. The full report can be viewed [here](#).

The ‘Front Door’ to Social Care (September 2019)

We considered the effectiveness of the new ‘front door’ to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

Review of Public Services Boards (October 2019)

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility (July 2020)

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

Better Law Making (September 2020)

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the

difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

Commercialisation in Local Government (October 2020)

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

Planned work for 2020-21

We also looked at the key challenges and opportunities facing the Council. These risks could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle, the use of its resources and continuous improvement.

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work undertaken in 2020-21 includes:

- Recovery planning in response to the COVID-19 pandemic
- COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic
- Assurance and risk assessment
- A review of the Council's financial sustainability
- A review of workforce planning
- North Wales Economic Ambition Board
- Commissioning Older People's Care Home Placements – North Wales Councils and Betsi Cadwaladr University Health Board

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Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission and National Health Service bodies in Wales.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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

Quarterly Update: 30 September 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 October 2021	Financial statements received on 15 June 2021 and audit fieldwork nearing completion.
Grants	To certify the 2018-19 and 2019-20 Housing Benefit Subsidy claims	The Department for Work and Pensions' certification deadlines were 30.11.19 for the 2018-19 claim and 31.1.21 for the 2019-20 claim.	We've received an amended claim and schedule of adjustments from the Council in respect of the 2018-19 claim. The audit work required to finalise this claim will be undertaken following completion of the 2020-21 Statement of Accounts audit work. The audit of the 2019-20 claim will recommence once the 2018-19 claim has been certified.

Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
Commissioning Older People's Care Home Placements	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.	October 2021	Second draft issued 27 Sept. Final local report will be issued in October 2021.
Financial Sustainability	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.	Completed	Local Report published August 2021. National Summary Report published September 2021.
Workforce Planning	The review will identify the benefits of embedding the revised workforce planning within Children's services.	Completed	Final local Report issued.
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2020-21, which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.	November/December 2021	Not yet started.

2021-22 Performance audit work	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	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
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	October/November 2021	Pending publication of the Council's annual performance report.
Assurance and Risk Assessment	<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 Council the project is likely to focus on:</p> <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Recovery planning • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans 	April 2021 to March 2022	Ongoing – arrangements currently being made for presentations to SLT in the new year.

2021-22 Performance audit work	Scope	Timetable	Status
Springing Forward – Examining the building blocks for a sustainable future	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.	October 2021– March 2022.	Fieldwork arrangements being made.
Review of Improving through Learning: Housing Benefit	Identify and improve the learning identified as part of the Housing Benefit Claim Certification process.	January to March 2022	Arranging fieldwork.
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2021-22, which also includes a summary of the key findings from reports issued by ‘relevant regulators’. Also now combined with the Annual Audit Letter.	Autumn 2022	Not yet started.

Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey Council
Direct Payments	Review of how local authorities manage and promote the use of Direct payments.	Publication Winter 2021-22	Drawing conclusions mid October, drafting and publication early 2022.	No – work being delivered via Direct Payment Forum and a selection of follow up interviews.
Emergency Services	Review of how well emergency services (blue light) collaborate.	Publication winter 2021-22	Drafting report.	No.
Follow up on People Sleeping Rough	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.

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey Council
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	TBC	Project brief issued and contacts at councils being collated.	TBC
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services.	TBC	Project brief issued and contacts at councils being collated.	TBC
Community Resilience	Review of how local authorities can build greater resilience in communities.	TBC	Project brief issued and contacts at councils being collated.	TBC

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	Estyn have 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
Assurance	CIW will be completing its work on Assurance Checks including publication of a national overview report.	July – September 2021	In progress.
National review	Support for disabled children and their families.	TBC	In progress - Drafting report.
Follow-up	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.
Inspection	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
Financial Sustainability of Local Government	September 2021
NHS summarised accounts infographic	September 2021
Picture of Public Services ¹	September 2021
Town Centre Regeneration	September 2021
Student finances	August 2021
NHS finances data-tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow up	May 2021
Welsh Health Specialised Services Committee governance arrangements	May 2021
At your Discretion - Local Government Discretionary Services	April 2021

¹ Main report published 15 September. To be followed over the following four to six weeks by short sector commentaries: A picture of local government, A picture of healthcare, A picture of social care, A picture of schools, A picture of higher and further education.

Report title	Publication date and link to report
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021

Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)²

Title	Anticipated publication date
Supporting NHS staff well-being	October 2021
Warm Homes Programme	November 2021
Care home commissioning	November 2021
Welsh Government accounts commentary	November 2021
Unscheduled care – data tool and commentary	By end of 2021
Collaborative arrangements for managing local public health resources	By end of 2021
NHS waiting times data-tool and planned care commentary	By end of 2021
Welsh Government setting of well-being objectives	By end of 2021

² 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.

Welsh Government workforce	By end of 2021
Orthopaedic services	By end of 2021
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022
COVID response & recovery / Welsh Government grants management	TBC
NHS structured assessment 2021 summary commentary	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

Forthcoming Good Practice Exchange events and publications

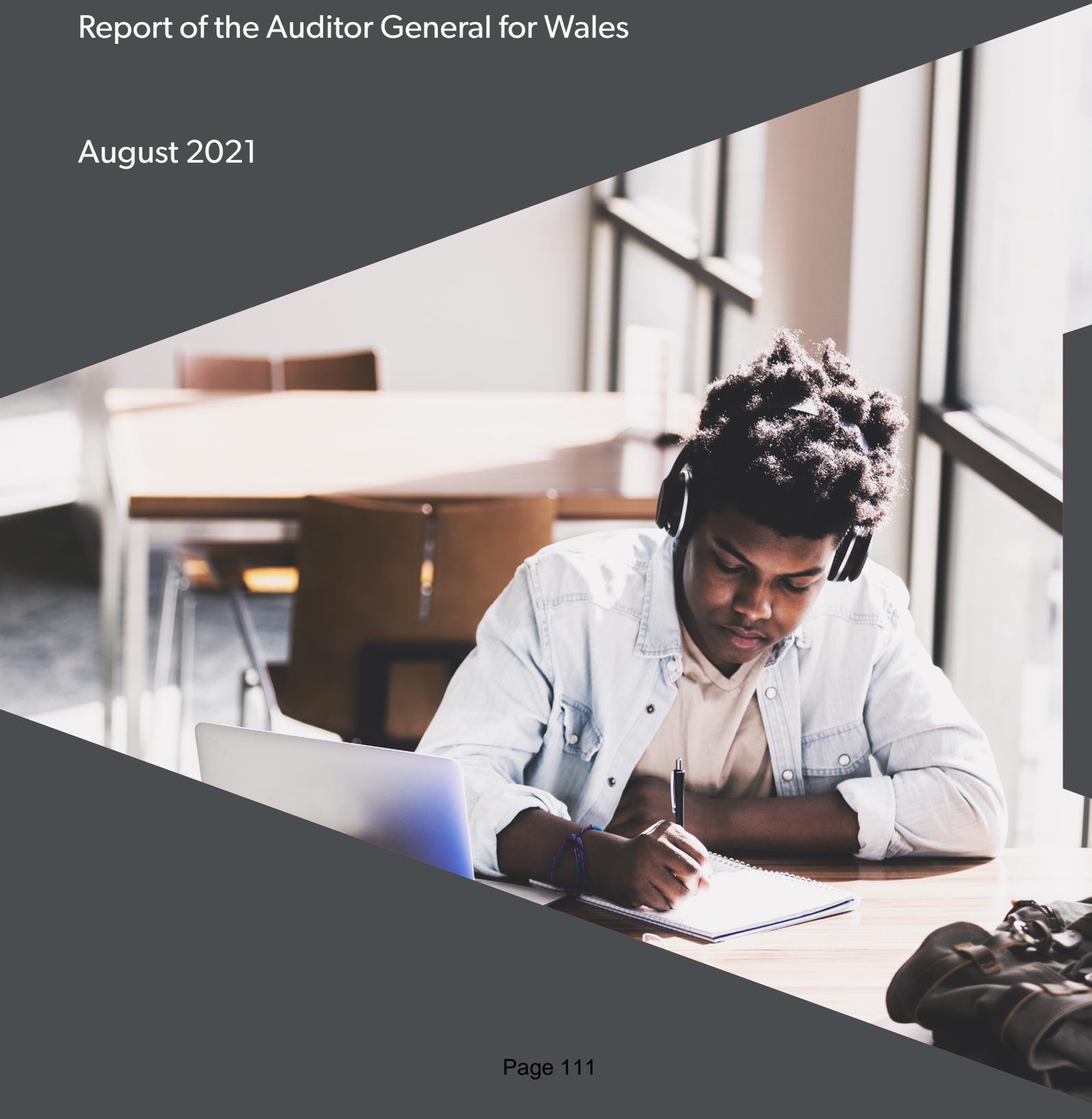
Title	Anticipated publication/event date
Post event resources including session recordings for both the Part 2 Your Town Your Future town centre regeneration event and the Future Workplace lunch and learn session with Dr Luci Attala and Hywel Dda UHB	Early October 2021

Title	Anticipated publication/event date
Transatlantic Conversations, Wales and Nova Scotia – discussing Housing	28 October 2021 (3pm)
Organisational Resilience	December 2021 (date TBC)

Student finances

Report of the Auditor General for Wales

August 2021



This report has been prepared for presentation to the Senedd under the Government of Wales Act 2006.

The Auditor General is independent of the Senedd and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the Senedd on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Key messages

- 1 The Welsh Government provides financial support to students in higher education through loans and grants. Eligible students receive support to cover living costs and tuition fees. After their studies, former students begin to repay loans once their earnings reach a certain threshold.
- 2 The Welsh Government pays the Student Loans Company (SLC) to administer student finances on its behalf. SLC manages the end-to-end process of 'apply, assess, pay and repay' and Student Finance Wales (SFW) is a brand that SLC uses to describe its services for students normally living in Wales. Universities and Her Majesty's Revenue and Customs (HMRC) also play a part in the wider system.
- 3 This report explains how the system of student finances works for Welsh students and considers how the Welsh Government oversees the system. **Appendix 1** explains our audit approach and methods.

The Welsh Government's day-to-day management of student finances is effective but, given the costs involved, there is a need for more scrutiny at a strategic level

- 4 The cost of student finances in Wales has increased over recent years. The Welsh Government paid out almost £1.1 billion in student loans and grants in 2019-20, 35% more than in 2015-16. Over the same period, the total value of student loans owed to the Welsh Government has increased from £3.2 billion to £5.3 billion.
- 5 The Welsh Government will not get back everything it is owed in loan repayments. In 2019-20, the Welsh Government estimated it would recover 65p for every £1 it was owed through student loans. This is less than the 81p it estimated it would recover in 2015-16, mainly because changes to the financial support package have resulted in more students taking out larger loans that are less likely to be repaid in full.
- 6 It is important that the Welsh Government controls its spending on student finances, particularly given the large sums involved. It is also important that the Welsh Government effectively oversees the services provided by SLC and SFW. Since the start of 2018-19, the Welsh Government has been paying SLC a little over £20 million a year to administer student finances.

- 7 The Welsh Government is a minority shareholder in SLC, with a 5% shareholding. Northern Ireland and Scotland each hold 5% while the controlling 85% share is held by the UK Government's Department for Education. The Welsh Government gets some assurance from participating in SLC's overall governance arrangements, scrutinising SLC's performance, risks and financial position.
- 8 The Welsh Government is satisfied that it has an equal say in setting policy objectives for SLC, although this has not always been the case. The scale of the service for Wales, as a proportion of SLC's overall activity, has sometimes limited the Welsh Government's ability to implement change quickly. However, there are no real sanctions for non-delivery. If the Welsh Government penalised SLC financially, it would likely impact directly on the services delivered to Welsh students.
- 9 The Welsh Government's day-to-day management of the administration of student finances works well but relies heavily on a small number of individuals. There are risks associated with succession planning and vacancies in the Welsh Government team that liaises with SFW.
- 10 There are some limitations to the Welsh Government's overall scrutiny of SLC. While the Welsh Government has improved its use of Wales-specific data to identify performance issues particular to Wales, it could make further improvements by reporting data upwards through its governance structures to consider whether SLC is delivering value for money. In addition, there is scope to involve students more meaningfully in planning and monitoring the administration of student finances.
- 11 The Welsh Government has given some consideration to alternative models for the administration of student finance. At the current time, it is largely satisfied with the service it receives from SLC and there are no plans to move away from the model of SLC administering student support on its behalf.



We are publishing this report when many of our young people will be preparing to enter higher education for the first time. Ensuring that students understand and can easily access the financial support on offer is vital. The overall sums involved and the need to forecast loan repayments mean that student finances are an important feature in the Welsh Government's annual accounts.

Our findings about the way the Welsh Government is managing student finances are therefore good to see. But given the sums involved, it should strengthen its scrutiny of the performance of SLC and the overall value for money of the services it provides, ensuring that the needs and experiences of Welsh students are at the heart of its decision-making.

Adrian Crompton
Auditor General for Wales



Key facts

£5.3 billion

Owed to the Welsh Government by former students at 31 March 2020

259,600

Number of Welsh former students with a student loan balance at 31 March 2020



65p in the £1

In 2019-20, the Welsh Government estimated it would recover 65p for every £1 it issued in loans



£699 million

Paid out by the Welsh Government to students in loans in 2019-20

£386 million

Paid out by the Welsh Government to students in grants in 2019-20

£27,600

Average debt for former students with a loan balance at the end of 2020-21



£27,295

The amount a former student needs to be earning before they begin to pay back their loan in 2021-22

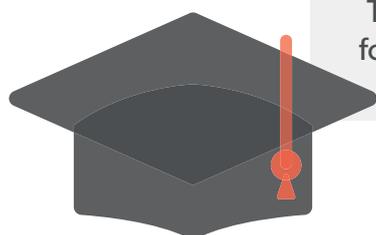
30 years

The period after which most former students' outstanding debt is written off



£23.4 million

Paid by the Welsh Government to SLC in 2020-21 to administer student finances





Recommendations

Recommendations

Performance monitoring

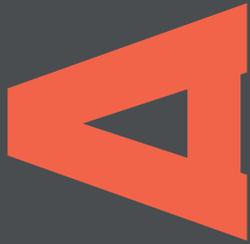
R1 We recommend the Welsh Government improves its monitoring of SLC performance by regularly reviewing Wales-level data relating to all annual measures, and by routinely reporting a comprehensive picture of SLC performance upwards through the Welsh Government's governance structure. This should inform broader considerations of whether the package of financial support is achieving its long-term aims for students and higher education.

Sustainable development

R2 We recommend the Welsh Government reflects on whether it can do more to apply the five ways of working expected under the Well-being of Future Generations (Wales) Act 2015, to improve the administration of student finances and its oversight of SLC. For example, the Welsh Government should consider how it can involve students earlier in the decision-making process, and how it will keep its relationship with SLC under review to ensure the model of administration remains sustainable in the long-term.

Succession planning and resilience

R3 We recommend the Welsh Government reviews working practices, succession planning and vacancies within its SLC Sponsorship Team, to manage risks associated with the reliance on a small number of staff.



Overview of the student finances system

01

Several organisations are involved in student finances

- 12 The Welsh Government provides financial support to students in higher education through loans and grants. This support aims to break down barriers and allow students to enter university irrespective of their household income.
- 13 Student finance works slightly differently across the UK. Each government decides the amount and type of financial support available. The Welsh Government claims its financial support is the most generous in the UK.
- 14 **Exhibit 1** summarises the roles of several organisations in the system of student finances. It is important that these organisations work together to ensure students can access timely and accurate financial support according to their circumstances, and that this support is repaid as appropriate. While the Welsh Government provides the funding for student finance, SLC manages the application, assessment and payment process.

Exhibit 1: organisations involved in the system of student finances

Welsh Government	<p>The Welsh Government sets education policy for Wales and decides the financial support package provided to Welsh students at university. It provides support for living costs and tuition fees through loans and grants.</p>
Student Loans Company (SLC) and Student Finance Wales (SFW)	<p>SLC is a non-profitmaking, non-departmental public body sponsored by the UK Government's Department for Education (85% shareholder) and the governments of Wales, Scotland and Northern Ireland (5% each).</p> <p>SLC manages the end-to-end process of 'apply, assess, pay and repay' for students normally living in Wales. SFW is a brand that SLC uses to describe its services for Welsh-domiciled students. On behalf of the Welsh Government, SFW provides maintenance loans and grants directly to the students and pays tuition fees directly to universities.</p>

Universities	<p>Financial support for tuition fees covered by student loans is paid directly to the university by SFW. Postgraduate students receive the support directly.</p> <p>When students complete their university registration, the university sends an electronic confirmation to SFW, triggering the release of funding.</p>
Her Majesty's Revenue and Customs (HMRC)	<p>HMRC facilitates repayments from former students who have found employment. Those in the UK tax system make loan repayments through the Pay As You Earn system or through self-assessment tax returns. Former students employed outside the UK are also required to make repayments, although these payments are made to SLC and not HMRC.</p> <p>HMRC sends repayment information to SLC. Repayments collected by HMRC from Welsh students are passed to the Welsh Government.</p>

Source: Audit Wales

Only eligible students receive financial support

- 15 Students are only eligible to receive financial support if they meet certain criteria. These criteria differ depending on the level (undergraduate or postgraduate) and pattern of study (full or part-time). **Exhibit 2** outlines the main criteria for new, full-time undergraduates.

Exhibit 2: main student finance eligibility criteria for new, full-time undergraduates in 2021/22

Nationality and residency	<p>A student can apply if they meet the following conditions:</p> <ul style="list-style-type: none"> • they are a UK national, Irish citizen or have settled status; • they are living in Wales on the first day of the first academic year of their course; and • they have been living in the UK and Islands for 3 years before starting their course. <p>If the above conditions are met students are classed as Welsh students. Funding is also available for EU students studying in Wales (full details are available on the SFW website).</p>
Course	<p>A student's course must be in the UK and lead to a qualification in one of the following:</p> <ul style="list-style-type: none"> • First degree, eg Bachelor of Arts, Science or Education; • Foundation degree; • Certificate of Higher Education; • Diploma of Higher Education; • Higher National Certificate; • Higher National Diploma; • Postgraduate Certificate in Education; or • Initial Teacher Education.
University or college	<p>A student's university or college must be:</p> <ul style="list-style-type: none"> • publicly funded (paid for by the government); or • privately funded but running a course approved for funding by the Welsh Government.
Age	<p>To qualify for a maintenance loan, a student needs to be aged under 60 on the first day of the first academic year of the course.</p> <p>There is no upper age limit for grants or a tuition fee loan.</p>

Note: Other financial support packages are available for part-time undergraduate and postgraduate students. SFW has the full details of support available and eligibility criteria for Welsh students and EU students studying in Wales on its website.

Source: Audit Wales, using information from the [SFW website](#)

Each student can access a mix of loan and grant support

- 16 To apply for support, most students use the SFW website although they can submit paper application forms. SFW assesses the application based on evidence of eligibility and, if accepted, provides a notification of entitlement detailing the type and level of support they have been awarded.
- 17 The support available to a student depends on their household income as well as their place and type of study. **Exhibit 3** explains the tuition fee and living cost support available to new, full-time undergraduates.

Exhibit 3: main sources of financial support available to new, full-time undergraduates in 2021/22

Tuition fee support

- tuition fees are set by universities. In Wales these are capped at £9,000 per year for full-time undergraduates but in other parts of the UK can be up to £9,250.
- tuition fee loan support is provided to cover the course fees, paid directly to the university by SFW.
- this support does not vary according to household income.
- the loan has to be repaid and interest accrues from the first day.

Living cost support

- paid into the student's bank account at the start of each term, after registration has been confirmed by the university.
- two elements: the Welsh Government Learning Grant and the Maintenance Loan.

Welsh Government Learning Grant

- to help with costs such as food, books and rent.
- amount depends on household income and place of study.
- students will get a grant of at least £1,000.
- the maximum grant is £10,124.
- this grant does not need to be repaid.

Maintenance Loan

- intended to cover living costs while at university.
- amount depends on household income.
- the maximum loan is £11,930.
- the loan has to be repaid and interest accrues from the first day.

Note: The figures relate to new, full-time undergraduate students, for 2021/22. Other financial support packages are available for part-time undergraduate and postgraduate students. There is also additional support if a student has a disability, a long-term health condition or has dependents. SFW has a full list of all support packages on its website.

Source: Audit Wales, using information from the [SFW website](#)

- 18 The amount of living cost support available ranges between £8,790 and £12,930 depending on whether a student lives with parents or away from home, and those studying in London are entitled to more support. Household income does not affect the total amount of living cost support available, but it does affect the balance between the loan and grant support. **Exhibit 4** is an illustration of the support available and shows how lower income households receive more in the form of a grant and less in the form of a loan.

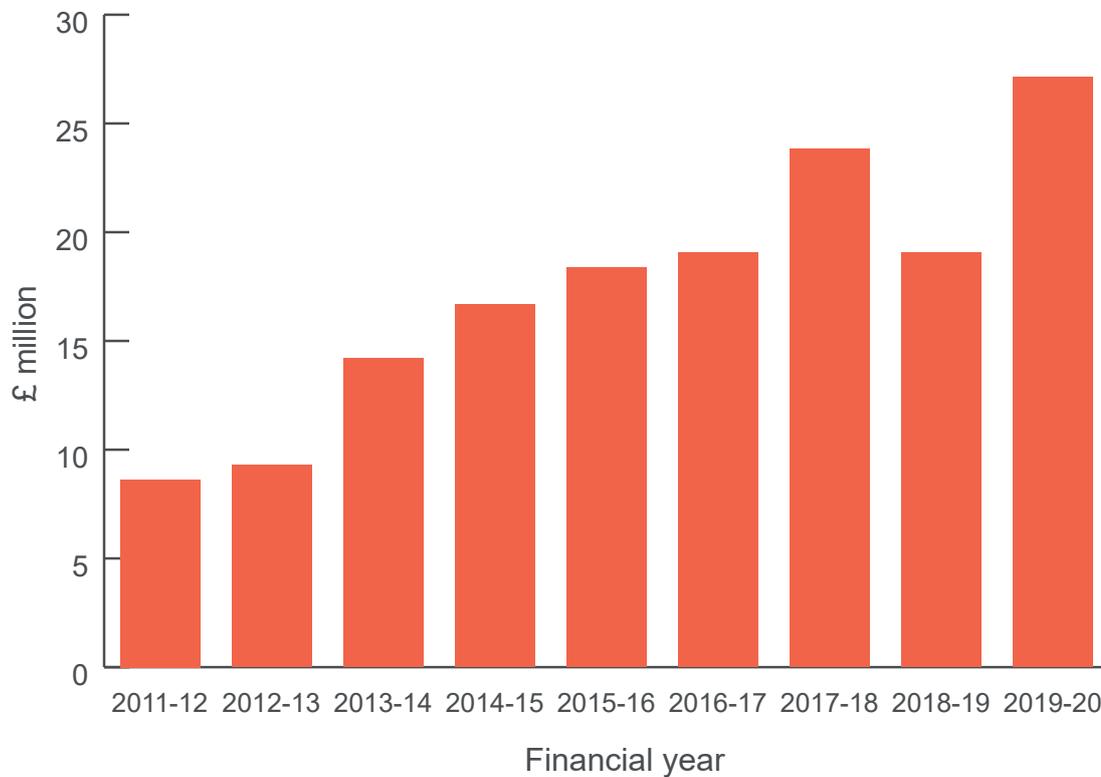
Exhibit 4: living cost support – learning grant or maintenance loan – for full-time undergraduates in 2021/22

Household income (£)	Living with parents (£)			Away from home, studying outside London (£)			Away from home, studying in London (£)		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
18,370 or less	6,885	1,905	8,790	8,100	2,250	10,350	10,124	2,806	12,930
25,000	5,930	2,860	8,790	6,947	3,403	10,350	8,643	4,287	12,930
35,000	4,488	4,302	8,790	5,208	5,142	10,350	6,408	6,522	12,930
45,000	3,047	5,743	8,790	3,469	6,881	10,350	4,174	8,756	12,930
59,200 or more	1,000	7,790	8,790	1,000	9,350	10,350	1,000	11,930	12,930

Source: SFW, [New students - What financial support is available?](#)

- 19 The Welsh Government also operates a Partial Cancellation Scheme, which sees up to £1,500 of a former student's maintenance loan balance cleared after their first repayment¹. All former students that took out maintenance loans since 2010/11 are eligible, provided they are not in breach of their loan agreement. This arrangement is not available in other parts of the UK.
- 20 **Exhibit 5** shows how the annual cost of the Partial Cancellation Scheme has increased since its introduction in 2011-12, rising to £27 million in 2019-20. The total cost of the scheme to 2019-20 is £156 million.

¹ The Welsh Government pays £1,500 of a former student's debt, or less than £1,500 in certain circumstances, including when the student has not taken out the full loan available to them.

Exhibit 5: Partial Cancellation Scheme costs, 2011-12 to 2019-20

Note: these figures reflect the amounts written off by SLC in students' accounts.

Source: SLC, [Student Loans in Wales series](#) and Welsh Government working papers supporting various years' Consolidated Accounts

Repayments begin once former students earn above a certain threshold

- 21 At the end of 2019-20, there were 259,600 Welsh former students with a student loan balance². Full-time students will start repaying in the April after they leave their course, if they are earning above the relevant repayment threshold.
- 22 Repayments are collected through the UK tax system, through Pay As You Earn if former students are employed, or through the self-assessment process if they are self-employed. If their pay is above the repayment threshold for the loan, the employer will take repayments and pass them to HMRC. HMRC sends information to SLC to update the former student's record and their outstanding debt.
- 23 Interest is added to the loan from the date of the first loan payment made to the student until the final repayment. The interest rate is linked to the Retail Price Index. Repayments must be made until either the debt (plus accrued interest) is paid off in full, or until the debt is written off which, under current rules, is 30 years after the student is due to begin making repayments. If a former student never gets a job earning over the repayment threshold, none of the loan will be repaid.
- 24 Changes to the student finance package have resulted in different repayment plans depending on when the former student took out their loan and the type of study (undergraduate or postgraduate). **Exhibit 6** summarises the three main plans. Each varies in terms of interest rate, repayment threshold and debt write-off.

2 SLC, Student loans for higher education in Wales financial year 2020-21 Tables, Table 5A (i)

Exhibit 6: summary of student finance repayment plans and repayment thresholds for 2021/22

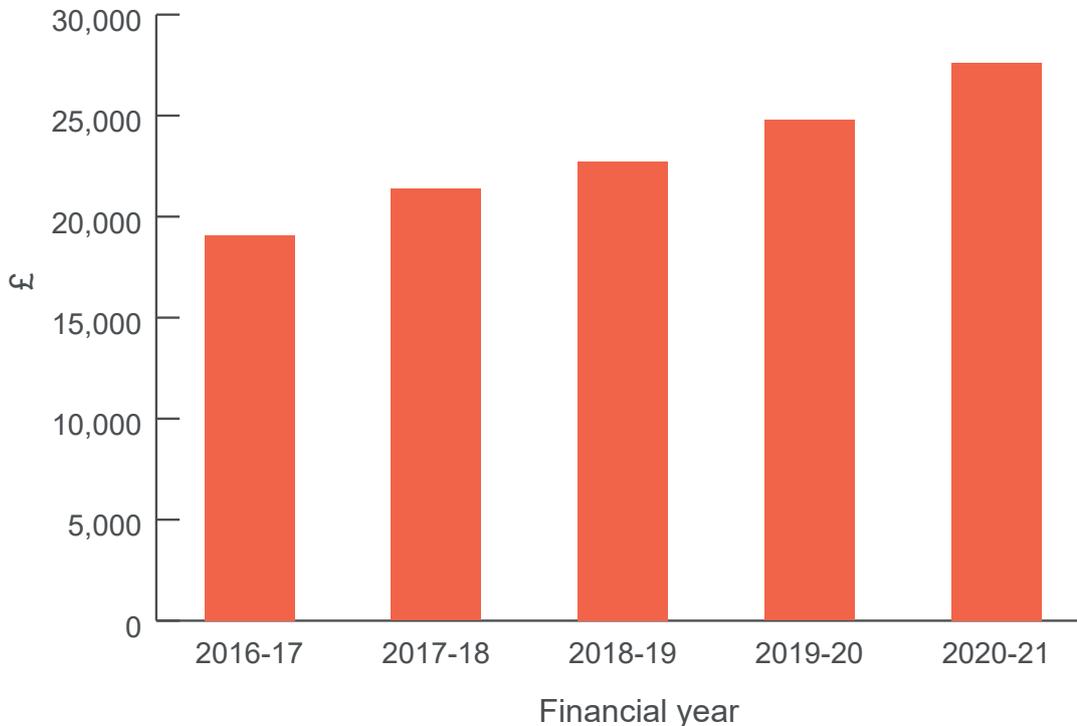
Repayment plan	Repayment threshold for 2021/22	Repayment rate above threshold	Interest charged	When is the debt written off?
<p>Plan 1</p> <p>Students who started a course before 1 September 2012</p>	£19,895	9%	<p>Lower of:</p> <ul style="list-style-type: none"> RPI in the previous March 1% above the Bank of England base rate 	<p>For loans taken out before 1 September 2006, the outstanding loan balance plus any interest will be cancelled when the former student reaches 65.</p> <p>For loans taken out on or after 1 September 2006 but before 1 September 2012, the outstanding loan balance plus any interest will be cancelled after 25 years.</p>
<p>Plan 2</p> <p>Students who started an undergraduate course on or after 1 September 2012</p>	£27,295	9%	<p>While studying: RPI +3%</p> <p>After studying: Interest is based on income:</p> <ul style="list-style-type: none"> £27,295 or less = RPI between £27,295 and £49,130 = RPI plus up to 3%, depending on income over £49,130 = RPI plus 3% 	<p>Any loan plus interest remaining 30 years after the former student is due to start making repayments will be cancelled.</p>

Repayment plan	Repayment threshold for 2021/22	Repayment rate above threshold	Interest charged	When is the debt written off?
Plan 3 Students who started a postgraduate Master's or Doctoral course on or after 1 August 2018	£21,000	6%	RPI + up to 3%	Any loan plus interest remaining 30 years after the former student is due to start making repayments will be cancelled.

Source: SFW, [Student Loans - a guide to terms and conditions 2021 to 2022](#)

- 25 At the end of 2020-21, the average loan debt for former students with a loan balance was £27,600. This includes part-time students and those who have withdrawn before completing studies, which reduces the average. **Exhibit 7** shows how the average debt has grown by 45% since 2016-17 when it was £19,070

Exhibit 7: average debt per former student with a loan balance, 2016-17 to 2020-21



Note: for former students that have reached the repayment threshold, the Partial Cancellation Scheme deduction (**paragraph 19**) has been made from their debt where appropriate. Where former students have not reached the threshold, the deduction has not been made.

Source: SLC, [Student loans for higher education in Wales financial year 2020-21 Tables, Table 5A \(iii\)](#)

- 26 Changes to the student support package over time, including those introduced in September 2018 following the ‘Diamond Review’³, have contributed to the increased average debt. The Welsh Government commissioned the Diamond Review for several reasons, including an intention to widen access to higher education. The previous Tuition Fee Grant⁴ was withdrawn and fee support moved towards a more loan-based system. The new package is intended to provide more support for living costs and support that is equivalent to the National Living Wage at its maximum level. As the new package is more generous in terms of total financial support available to students it has also contributed to the increased average debt.

³ Welsh Government, [Review of Higher Education Funding and Student Finance Arrangements in Wales](#), September 2016

⁴ The Tuition Fee Grant was a non means tested award that formed part of the previous student finance package in Wales to the value of £4,954 for full-time students starting in 2017/18.

- 27 The total amount that a former student must repay, and the time they will take to pay off their debt, depends on how much they earn. **Exhibit 8** shows four hypothetical examples of former students, with the same level of debt but different starting salaries. It provides a rough indication of the different amounts that each person might repay, and the time it would take to pay off their loans.

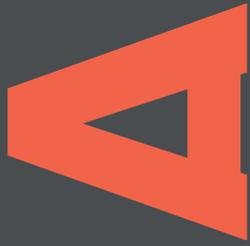
Exhibit 8: examples of how much people with an average amount of debt might repay, based on different starting salaries

	Person 1	Person 2	Person 3	Person 4
Starting salary	£25,000	£30,000	£40,000	£50,000
Assumed debt	£27,600	£27,600	£27,600	£27,600
Total amount repaid including interest (approximate nominal value)	£0	£15,000	£50,000	£41,000
Loan fully repaid?	No	No	Yes – 27 years	Yes – 16 years

Note: these are indicative estimates based on specific assumptions. We have assumed that: salaries and repayment thresholds increase in line with average UK earnings growth, as forecast by the Office for Budget Responsibility (OBR) in March 2020; interest is applied annually and RPI is as forecast by the OBR; there are no breaks in repayment; there are no additional voluntary repayments made to the loan; and the Welsh Government has paid off the maximum £1,500 off each loan through the Partial Cancellation Scheme.

Source: Audit Wales calculations

- 28 **Exhibit 8** shows that while Person 4 is the highest earner, they end up paying less overall than Person 3. Person 4 makes higher monthly repayments and pays off the debt quicker. With less time to accrue interest, Person 4 ends up paying less than Person 3 over the lifetime of the loan.
- 29 The exhibit also indicates how the repayment period – the length of time that a former student makes repayments – is impacted by their starting salary. At lower starting salaries (persons 1 and 2), the repayment period reaches the 30-year limit and the remaining debt is written off. The higher salaries of persons 3 and 4 see them paying more off their loan each month, so they pay off their debt before the 30-year limit.



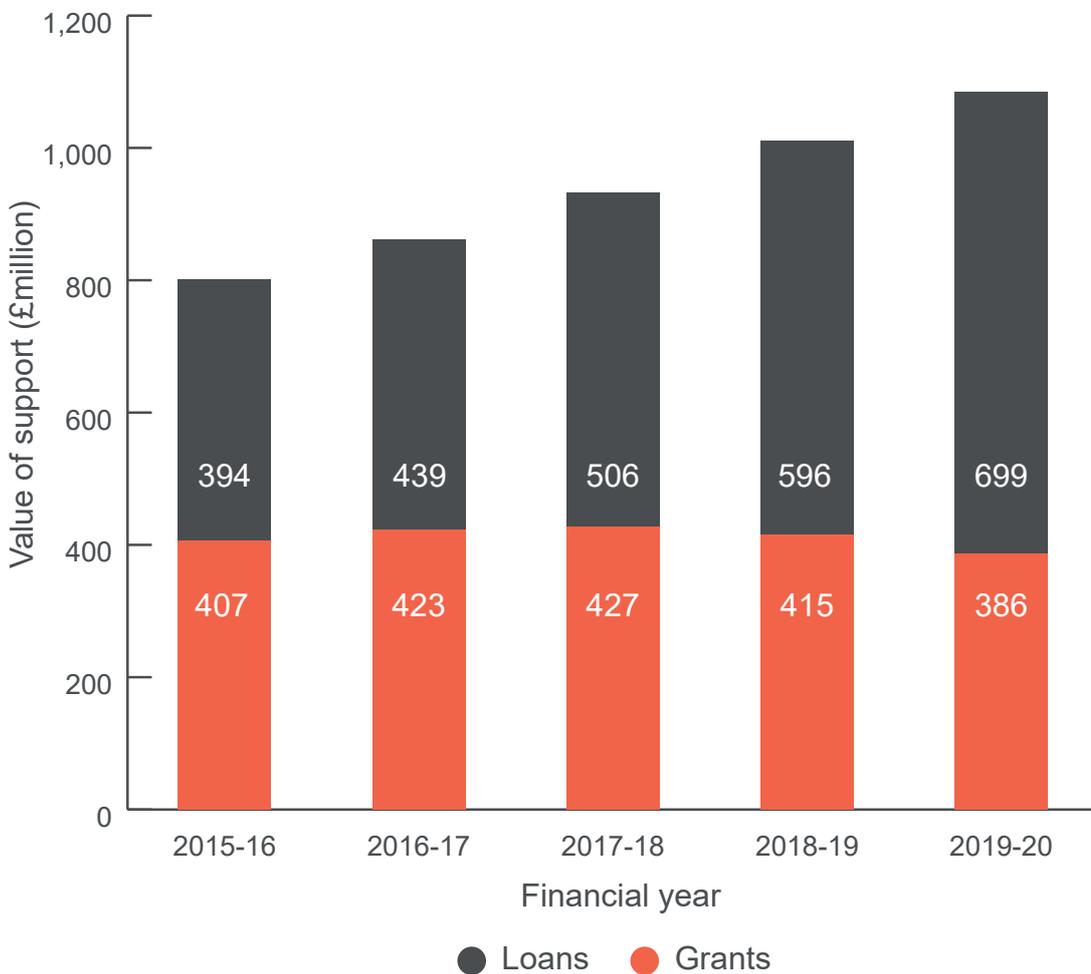
The Welsh Government's spending on student loans and grant

02

The cost of student finances in Wales has increased over recent years

30 The total annual financial support provided by the Welsh Government to students in higher education has increased by 35% since 2015-16, reaching almost £1.1 billion in 2019-20 (**Exhibit 9**). When inflation is considered, this represents a 24% increase.

Exhibit 9: grant and loan support provided to Welsh students, 2015-16 to 2019-20



Source: Audit Wales analysis of data supplied by the Welsh Government (excludes further education grants)

- 31 In September 2017, the Welsh Government committed to ‘significantly increase the maintenance grants available to Welsh higher education students, breaking down barriers to university and ensure that across grants and loans all students have the equivalent of the National Minimum Wage’⁵. To achieve this commitment, the Welsh Government introduced the Welsh Government Learning Grant (**Exhibit 3**), although it also withdrew the Tuition Fee Grant.
- 32 Over the five-year period shown in **Exhibit 9**, there has been a reduction in the amount that students receive in grants, as a proportion of the total financial support. In 2015-16, grant support accounted for 51% of total financial support and by 2019-20 this had fallen to 36%. This fall results from changes following the Diamond Review (**paragraph 26**). **Exhibit 9** also shows a reduction in the total amount spent on grants. When inflation is considered, this represents a 13% decrease⁶.
- 33 It is important that the Welsh Government controls its expenditure, particularly given the large sums involved. However, planning this expenditure is complicated because it is largely demand led. In the four-year period between 2016/17 and 2019/20, the number of Welsh undergraduates has been between 81,760 and 83,800. During the same period, the number of postgraduate students increased from 15,355 to 18,865⁷.
- 34 In June 2020, the Senedd’s Children, Young People and Education Committee discussed concerns about the risk of a drop in student numbers because of the COVID-19 pandemic⁸. However, published data indicates that the pandemic has not had the impact on student numbers that the Committee feared, at least not yet.

5 Welsh Government, Prosperity for All: the national strategy, September 2017

6 To calculate these real terms changes we have used the HM Treasury deflators published in March 2021.

7 Stats Wales, Enrolments of students from Wales by year, level and mode of study, January 2021

8 Children, Young People and Education Committee, COVID-19: Evidence Session on the Impact of COVID-19 on Higher and Further Education with Higher Education Representatives, June 2020

- 35 Information from the Universities and Colleges Admissions Service (UCAS)⁹ showed that at the end of June 2020 there were more UK-wide university applicants holding a firm offer to start a course in Autumn 2020 than at the equivalent point the previous year. For Wales alone, the number of applicants was largely unchanged (21,470 at June 2019 and 21,330 at June 2020) and in January 2021 the number of applications had increased when compared with the previous year (18,430 at January 2020 and 21,120 at January 2021). In planning student finances, the Welsh Government uses a range of scenarios for trends in student numbers and is not currently predicting or planning for any fall in overall student numbers in future years¹⁰.

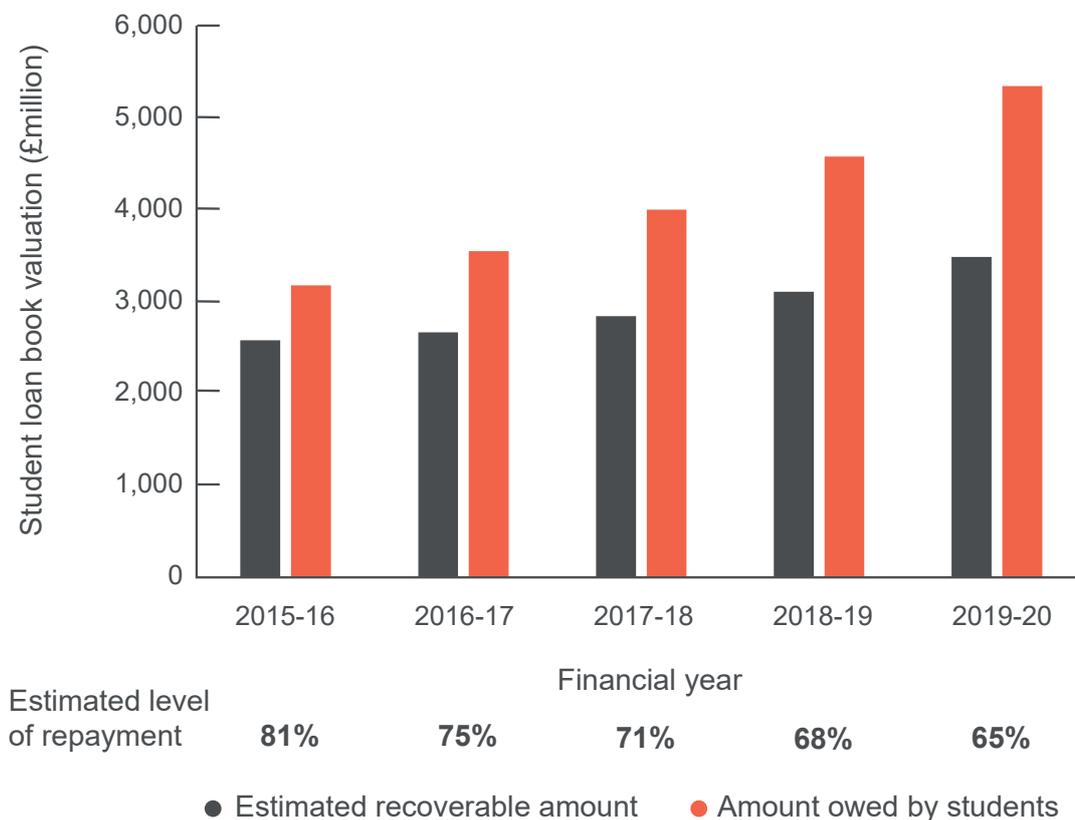
The Welsh Government will not get back everything it is owed in loan repayments

- 36 **Exhibit 10** shows that the total value of loans owed to the Welsh Government has steadily increased from £3.2 billion in 2015-16 to £5.3 billion in 2019-20. This is because new loans and interest have outweighed repayments and write offs.
- 37 However, the recoverability – the proportion that the Welsh Government estimates it will recover – has been decreasing over the same period. The main reason for this decrease is that the Diamond Review changes have resulted in more students taking out larger loans that are less likely to be repaid in full. At the end of 2015-16, the Welsh Government estimated it would recover around 81% of the loans outstanding. By the end of 2019-20, this had fallen to 65%, meaning for every £1 outstanding to the Welsh Government, it estimated it would recover 65p.

9 UCAS, [2020 cycle applicant figures – 30 June deadline](#)

10 The Welsh Government forecasts the number of students that will apply for university, using data from UCAS, the Higher Education Statistics Agency and SLC. It takes a prudent approach to ensure forecasts have enough flexibility to be able to fund unexpected increases in demand for student finance.

Exhibit 10: amounts owed by former students and estimated level of repayment, 2015-16 to 2019-20



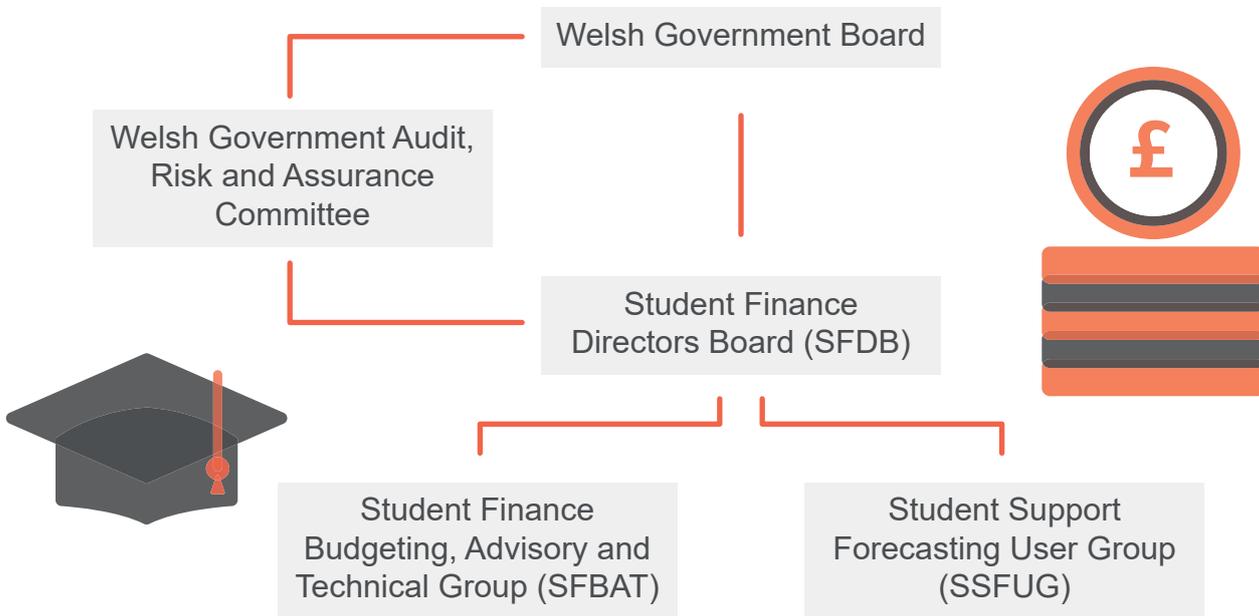
Source: Welsh Government Consolidated Accounts, Note 6 and supporting working papers

38 The student loan balance that the Welsh Government estimates to recover – £3.5 billion in 2019-20 – is one of the largest assets recorded in the Welsh Government accounts. It represents approximately 15% of the total Welsh Government assets balance of £24 billion. Given the size of this asset, it is important that the Welsh Government’s estimates are as robust as possible.

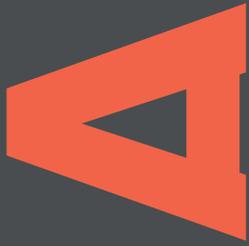
- 39 The Welsh Government has written previously to the Senedd Public Accounts Committee providing further detail about its approach to estimation and modelling¹¹. In summary, the Welsh Government calculates a statistical estimate of the money it expects to be paid back, based on a complex set of assumptions about borrower demographics, future earnings, and economic growth for decades into the future. The calculations are derived from a financial model provided to the Welsh Government by the UK Government's Department for Education. The Welsh Government adjusts the model to ensure its suitability to Wales.
- 40 Audit Wales undertakes a high-level assessment of the model as part of our annual audit of the Welsh Government accounts. Our last audit in 2019-20 concluded that the estimate used by the Welsh Government was reasonable in all material aspects.
- 41 **Exhibit 11** shows the governance structure for student finances in the Welsh Government, which includes two groups tasked with forecasting and modelling future costs. The Student Support Forecasting User Group (SSFUG) discusses issues affecting the student support forecasts, including student numbers and higher education policy changes. The Student Finance Budgeting, Advisory and Technical Group (SFBAT) carries out detailed work regarding changes in policy, modelling and accounting. The Student Finance Directors Board (SFDB) reviews and approves recommendations from the SSFUG and SFBAT as well as discussing issues affecting student finance budgets, expenditure and financial reporting. The Terms of Reference for SFDB state that it should meet every quarter, or more frequently at the discretion of the Chair, although in the last year it only met twice.

11 Welsh Government, [Letter from the Permanent Secretary to the Public Accounts Committee](#), 7 January 2021

Exhibit 11: the governance structure for student finances in the Welsh Government



Source: Audit Wales, based on information from the Welsh Government



The Welsh Government's oversight of the administration of student finances

03

The Welsh Government has been paying a little over £20 million a year to SLC to administer student finances

- 42 While the Welsh Government does not make payments directly to students, it must oversee the work of SLC and SFW to ensure the system is administered effectively and that it is securing value for money. Between 2018-19 and 2020-21, the Welsh Government paid SLC a little over £20 million a year – and £68.8 million in total – to administer student finances on its behalf (**Exhibit 12**).

Exhibit 12: funding provided by the Welsh Government to SLC to administer student finances, 2018-19 to 2020-21

2018-19	2019-20	2020-21	Total
£23.6 million	£21.8 million	£23.4 million	£68.8 million

Note: the amount that Welsh Government pays to SLC to administer student finances is not a fixed amount and changes each year in line with what SLC is asked to deliver. The funds listed cover the cost of day-to-day administration and the cost of change projects requested by the Welsh Government. The funds listed do not include any payments made through loans or grants to students.

Source: Welsh Government

The Welsh Government gets some assurance from participating in SLC's overall governance arrangements

- 43 As a shareholder of SLC, the Welsh Government participates in SLC's governance arrangements with the other government shareholders. In common with the other UK governments, the Welsh Government appoints an 'assessor' to attend SLC board and committee meetings. The assessor is not a full board member, but they are more than an observer and act as the Welsh Government's representative. The assessor has access to all internal governance information that SLC uses to oversee delivery and inform decision making, for example in respect of finances, service performance and risk management.

- 44 The National Audit Office is the external auditor of SLC. There was also a substantial assessment of SLC in 2019 through a UK Government 'Tailored Review'¹². The Tailored Review looked at the 'operational health' of SLC, whether it was fit for purpose, well governed and run effectively and efficiently. The review found SLC was meeting the majority of its targets but highlighted an efficiency gap and that IT systems were outdated and driving complexity and cost. The review also highlighted various staffing issues. It pointed to opportunities to improve customer service and the value for money SLC provides and highlighted plans for a transformation programme, which is now in the latter stages of implementation. The Welsh Government is satisfied that the transformation programme has already delivered some improvements to the system.
- 45 The Government Internal Audit Agency (GIAA) provides another source of assurance. In 2020-21, the GIAA provided a 'moderate' opinion on the framework of governance, risk management and control within SLC. And in July 2021, the GIAA reported the results of its annual review of the accuracy of support payments made to students in 2020-21. The exercise looks at a sample of student support payments made by SLC on behalf of the Welsh Government during a financial year and provides an estimated error rate for the regularity of SFW approved payments. The estimated net error rate based on the sample testing in 2020-21 was 2.23%, of which 2.02% was considered fraud and 0.21% was SLC error¹³.

The Welsh Government is satisfied that it has an equal say in setting policy objectives for SLC but there are no real sanctions for non-delivery

- 46 As a shareholder, the Welsh Government works with the other UK governments to develop SLC's policy objectives, taking account of any changes to relevant legislation and policy across the different parts of the UK. Together, the governments also determine the annual resources that SLC requires and develop key performance indicators for monitoring SLC's effectiveness. The governments work together to deliver these responsibilities through a Joint Quadrilateral Committee (JQC).

12 UK Government Department for Education, [Tailored Review: Student Loans Company](#), July 2019

13 The 2020-21 net error rate was calculated from a sample of 200 transactions at a total sampled value of approximately £400,000. This figure was extrapolated against the £1.2 billion in payments made by SFW for higher education student support on behalf of the Welsh Government, resulting in an overall estimated error overpayment of £25.9 million.

- 47 The JQC meets monthly to discharge its functions which include, wherever possible, ensuring that policy development aligns across all four governments and that no shareholder is given undue preference. The JQC is chaired by the Deputy Director of the UK Government's Department for Education, who acts as an 'honest broker', a role introduced to ensure fairness and neutrality in decision making. The honest broker does not attend as a representative of the UK Government, this function is discharged by another representative.
- 48 The Welsh Government collaborates effectively with the other UK governments, and feels it is treated as an equal member despite being a relatively small shareholder. Welsh Government officials told us that there have been instances in the past when the Welsh Government has felt that that it was not treated as an equal member, but that the situation has improved over time as arrangements have matured and through building positive relationships with the other UK governments and SLC.
- 49 On behalf of all four UK governments, the Department for Education issues to SLC an Annual Performance and Resource Agreement. The agreement sets out what SLC is expected to deliver. It outlines the shareholders' priorities for the year, the confirmed resources delegated to SLC and the agreed performance measures and any associated targets.
- 50 The JQC receives a dashboard that considers delivery of the priorities and policy changes agreed in the Annual Performance and Resource Agreement. The dashboard provides an understanding of whether priorities are on track for timely delivery and any underspend that may occur due to delays in project delivery. The JQC has a process for deciding on how to use any in-year underspend on emerging priorities.
- 51 However, the Welsh Government has no real sanctions that it can take if SLC was to underperform or not deliver the agreed priorities. This is because the Welsh Government is a shareholder of SLC and therefore withholding payments or other financial sanctions would be likely to have direct impacts on SLC's ability to deliver services to Welsh students.

The Welsh Government's day-to-day oversight of the administration of student finances works well but relies heavily on a small number of officials

- 52 The Welsh Government's SLC Sponsorship Team oversees the day-to-day management of student finances. The team works with SFW to monitor real time delivery and performance and deal with quality issues and complaints from students.
- 53 The Welsh Government and SFW have fortnightly 'keeping in touch' meetings where they review the number of calls received, the percentage of calls answered, the number of applications received, approved and paid, the speed of processing applications and action to mitigate backlogs forming, student complaints and any emerging issues that could impact on service delivery. These meetings used to be weekly. The Welsh Government decided in November 2020 to have less frequent meetings because it was largely satisfied with the performance of SFW. The Welsh Government has regular communication with SFW outside the fortnightly meetings and both parties report good relationships and effective communications to deal with issues as they arise.
- 54 The Welsh Government told us that its Higher Education Division is well established with longstanding team members who hold considerable knowledge and experience. However, much of the responsibility for maintaining the relationship with SLC and SFW falls to a small number of staff. This presents a risk that a staff absence or departure could disrupt the work of the team and could mean that budgetary and performance issues would not be considered in a timely manner. Cover arrangements have previously worked well but long-term vacancies in the team due to secondments have added pressure on other team members.
- 55 While not directly engaged in the day-to-day relationship with SLC, the Welsh Government also has a Student Support Policy and Subordinate Legislation Team overseeing policy changes and regulatory implementation, along with a Higher Education Statistics and Finance Team that considers forecasts and trends. Indirect support is also provided through wider departmental governance teams overseeing the management of internal budgets and reporting requirements.

There are some limitations to the Welsh Government's overall scrutiny of SLC performance

Formal scrutiny of SLC performance focuses on UK-wide data but the Welsh Government has improved its use of Wales-specific data at an operational level

- 56 **Appendix 2** sets out the full list of key performance indicators and associated measures that SLC is required to report against. The main expectations of SLC set out in the 2020-21 Annual Performance and Resource Agreement are:
- deliver a great customer service based on an increased digital offering, decreasing avoidable contact, and ensuring compliance with data protection regulations and cyber-security best practice.
 - through each academic cycle, deliver existing products securely, effectively, sustainably, and efficiently.
 - increase repayment compliance, administer the loan book effectively and efficiently; as well as deliver post loan sale obligations and support future sales.
 - manage change projects in a timely manner, balancing lowest practical cost with the need for achieving quality outcomes and agreed benefits.
 - improve financial management and compliance with government and other controls, through a well-managed, skilled, engaged and properly rewarded workforce.
- 57 The SLC board considers performance against the Annual Performance and Resource Agreement measures on a quarterly basis. The information considered is for SLC as a whole and the board is not provided with Wales-specific data to consider whether performance for Wales is good and compares favourably with other parts of the UK. SLC has acknowledged that, with the majority of student finance activity relating to English students, there is a risk that the impact of data for England on the overall picture could mask issues in the delivery arrangements elsewhere. Improvements are planned, with SLC developing a new dashboard to provide more detail for each of the four UK nations.

- 58 The process for monitoring SLC performance continued in 2020-21. However, the JQC decided to suspend the formal performance arrangements outlined within the Annual Performance and Resource Agreement due to the additional pressures of COVID-19 and the potential impacts on delivery. As such, no formal targets were set for the 2020-21 measures (**Appendix 2**), although SLC continued to monitor its performance against a set of internal targets. **Appendix 3** provides a summary of SFW performance based on the data provided to us.
- 59 In addition to the formal reporting and scrutiny of performance that takes place through the SLC's governance arrangements, the Welsh Government has other operational meetings with SFW and other stakeholders, which regularly make use of Wales-specific data. The two main meetings are:
- a) fortnightly keeping in touch meetings – the Welsh Government meets with SFW to receive a verbal update on performance issues and to consider and respond to any emerging concerns. Until December 2020, this data was presented at meetings without the Welsh Government receiving a formal data report. A report is now provided to the Welsh Government in advance of the meeting.
 - b) monthly Stakeholder Operational Group meetings – the Welsh Government meets SLC, the UK Government's Department for Education and other key stakeholders to discuss things such as application volumes, processing times and number of complaints for Wales. SLC provides data and graphs to show performance over time. By analysing Wales-specific data on complaints, the Welsh Government has been able to highlight Wales-specific issues and implement improvements, including the introduction of a new complaints handling function specific to Wales.

The Welsh Government could make better use of the information it receives by reporting data upwards through its governance structure to consider whether SLC is delivering value for money

- 60 While the Welsh Government makes use of performance information to identify issues and address areas of concern, it does not currently report on the performance of SLC or SFW through the governance arrangements described in **paragraph 41** and **Exhibit 11**. Nor does it include such performance information through the Welsh Government's Skills, Higher Education and Lifelong Learning quarterly reports.

- 61 This means there is little wider scrutiny within the Welsh Government's governance structures of whether SLC is meeting the KPIs within the Annual Performance and Resource Agreement and whether SLC is delivering value for money. There is also little consideration given to whether the administration of the system of student finances in Wales is contributing effectively towards the Welsh Government's wider ambitions for higher education.

There is scope to involve students more meaningfully in planning and monitoring the administration of student finances

- 62 Considering the needs and experiences of service users is vital to the planning and monitoring of any public service. As such, student involvement and engagement should be fundamental to the operation of SFW.
- 63 SLC undertakes a UK-wide, quarterly student satisfaction survey and report on students' experience of applying for financial support, their interaction with SLC staff and their satisfaction with the payments and repayments process. SLC and the Welsh Government have been discussing how best to re-design this survey to better capture students' experiences. Currently, the students are surveyed at the end of a phone call or email enquiry, which risks only capturing the experiences of students that have suffered an issue or have a complaint to make. A broader approach, to gather a larger number of responses, would provide a better picture of students' experiences of the end-to-end process of applying for and receiving financial support. We note that SLC has recently taken the positive step of setting up a Student Finance Customer Panel with three representatives from Wales.
- 64 More broadly, the Welsh Government has arrangements to engage with special interest student groups and consult them on proposed changes to the financial support package. However, the Well-being of Future Generations Act (Wales) 2015 requires public bodies to rethink how people are involved in shaping public services. There is scope to involve students earlier in the decision-making process to provide the Welsh Government with better insight about students' opinions and experiences, rather than consulting later in the process when proposals to change the support package have already been drafted.

The Welsh Government has no current plans to move away from the model of SLC administering student support on its behalf

- 65 The UK Government's Tailored Review (**paragraph 44**) raised many recommendations for improvement in SLC. It also noted that the Welsh Government was considering alternatives to the current delivery model of SLC administering student support on its behalf.
- 66 The Welsh Government carried out scoping work as part of a 'Discovery Review' to map out the services that SLC provides on its behalf and to set out potential next steps for exploring alternative models. However, at the current time, with the Welsh Government largely satisfied with the service it receives from SLC, there are no plans to give further consideration to alternative models.



Appendices

- 1 Audit approach and methods**
- 2 Student Loans Company performance indicators, 2019-20 and 2020-21**
- 3 Student Finance Wales performance**

1 Audit approach and methods

Our review aimed to provide a high-level overview of student finances in Wales, and to consider whether the Welsh Government is effectively overseeing the administration of student finances. We have built on some of the financial analysis in our commentary on the Welsh Government's Consolidated Accounts 2019-20¹⁴. **Exhibit 13** sets out our audit methods.

We focused on the Welsh Government's role. We have not sought to draw our own conclusions about the effectiveness of SLC and SFW's work, although we have reflected in our report performance information provided by SLC and we have referenced the Tailored Review that provided an overall assessment of SLC performance in 2019. SLC is audited by the National Audit Office, with whom we have kept in touch during our work.

We have not evaluated whether the financial support that the Welsh Government is providing to students is securing value for money in the context of the Welsh Government's wider objectives for higher education participation.

Exhibit 13: audit methods

<p>Document and data review</p>	<p>We reviewed documents relating to the higher education policy background in Wales, the minutes of relevant forums, risk registers, the Annual Performance and Resource Agreement, monitoring reports, internal audit reports etc.</p> <p>We also reviewed data relating to demand for student finance, the Welsh Government's expenditure, and the performance of SLC and SFW on behalf of the Welsh Government.</p>
<p>Interviews and observations</p>	<p>We carried out a small number of interviews with staff involved in administering and overseeing the system of student finances, including staff from the Welsh Government, SLC and SFW.</p> <p>To better understand the experiences of students and universities, we spoke to representatives of the National Union of Students (Wales) and Universities Wales. We also discussed the themes of past complaints in relation to student finances with officers from the Public Services Ombudsman for Wales.</p> <p>Finally, we observed a small number of meetings related to the oversight, governance and management of student finances in Wales.</p>

14 Auditor General for Wales, [Commentary on the Welsh Government's Consolidated Accounts 2019-20](#), November 2020

2 Student Loans Company performance indicators, 2019-20 and 2020-21

This appendix sets out the agreed key performance indicators and associated measures for SLC in 2019-20 and 2020-21. On behalf of all four UK governments, the Department for Education issues to SLC an Annual Performance and Resource Agreement.

In 2019-20, the Annual Performance and Resources Agreement set out a suite of measures and related targets for SLC to achieve in delivering student finance, some of which were identified as specific key performance indicators. The 2020-21 Agreement also set out a suite of measures, but none were identified separately as key performance indicators and no targets were set due to the additional pressures of COVID-19 and the potential impact on delivery.

Some of the measures do not apply to Scotland and Northern Ireland because SLC does not provide a full, end-to-end service for student finances in these nations.

Deliver a great customer service based on an increased digital offering, decreasing avoidable contact, and ensuring compliance with data protection regulations and cyber-security best practice.

2019-20		2020-21	
Measure	Target	Measure	Target
Average number of incoming calls per application (KPI)	Target: 2.42	Percentage of satisfied apply to pay customers	No target
Percentage of satisfied apply to pay customers	Target: $\geq 85\%$	Percentage of satisfied repayment customers	No target
Percentage of satisfied repayment customers	Target: $\geq 73.54\%$		
Number of accepted complaints per 10,000 apply to pay customers	Target: ≤ 1		
Number of accepted complaints per 10,000 repayments customers	Target: ≤ 0.2		
Percentage of undergraduate applications completed without incoming phone call	Target: $\geq 66\%$		

Through each academic cycle, deliver existing products securely, effectively, sustainably, and efficiently.

2019-20		2020-21	
Measure	Target	Measure	Target
Percentage of undergraduate applications processed within 70 calendar days from application submission to customer receiving first offer of loan/grant entitlement (KPI)	Target 91%	Percentage of undergraduate applications processed within 70 calendar days from application submission to customer receiving first offer of loan/grant entitlement	No target
Percentage of calls answered	Target: 90%	Call Timeliness: Percentage of calls answered within 180 seconds	No target
Percentage of applications processed correctly the first time without rework required	Target: monitoring during 2019-20 for this to be a KPI in 2020-21	Processing Quality / Right first time:	No target
		Call Quality / Right first time: Percentage of applications processed correctly the first time without rework required	No target

Increase repayment compliance, administer the loan book effectively and efficiently; as well as deliver post loan sale obligations and support future sales.

2019-20		2020-21	
Measure	Target	Measure	Target
Percentage of borrowers in the correct repayment channel (KPI)	Target: $\geq 89.5\%$	Percentage of borrowers in the correct repayment channel	No target
Percentage of incoming cohort repayment customers matched successfully with HMRC records	Target: $\geq 97\%$ by year-end	Percentage of incoming cohort repayment customers matched successfully with HMRC records.	No target

Manage change projects in a timely manner, balancing lowest practical cost with the need for achieving quality outcomes and agreed benefits.

2019-20		2020-21	
Measure	Target	Measure	Target
Percentage of change projects on schedule (KPI)	Target: 80%	Percentage of Evolve change projects on schedule	No target
Percentage of change projects on budget (once delivery business plan approved)	Target: $\geq 80\%$	Percentage of Policy change projects on schedule	No target
Percentage of total agreed benefits realised to be reported to shareholders on a monthly basis	No target		

Improve financial management and compliance with government and other controls, through a well-managed, skilled, engaged and properly rewarded workforce.

2019-20		2020-21	
Measure	Target	Measure	Target
Year-end outturn to be within the approved budgets, subject to the following tolerances (KPI)	Target: +0% / -10% for Administration Departmental Expenditure Limit (DEL) and +/- 5% for Programme and Capital DEL	Year-end outturn to be within the approved budgets, subject to the following tolerances.	Target: +0% / -10% for Administration DEL and +/- 5% for Programme and Capital DEL
Number of leavers as a percentage of the overall workforce (turnover rate) (KPI)	Target: $\geq 18\%$	Percentage of workforce responding positively to engagement and / or pulse surveys	No target

3 Student Finance Wales performance

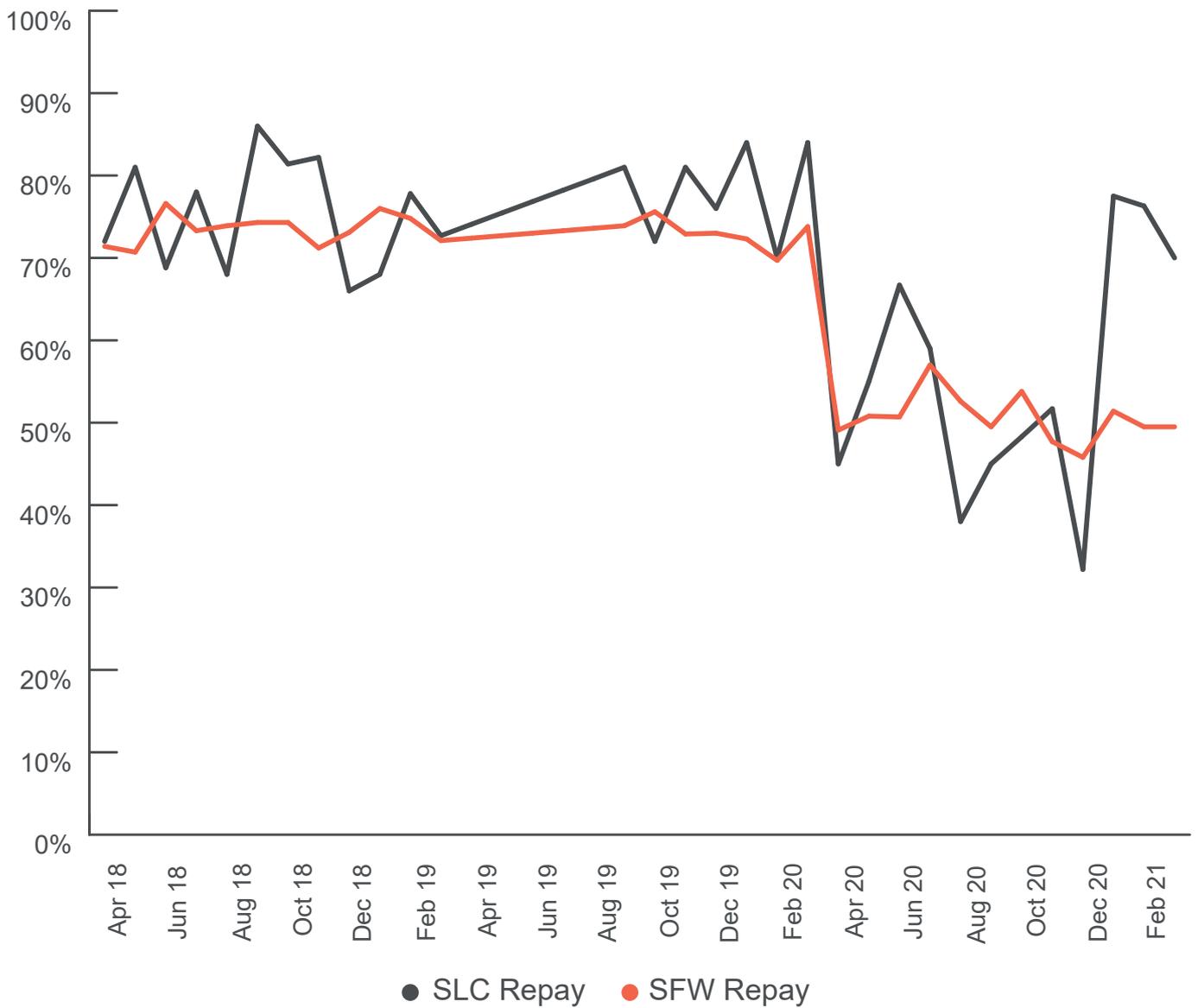
Our high-level analysis of SFW performance data suggests that Welsh students are making more avoidable phone calls to support their application than English students. In 2019-20 and 2020-21, SFW consistently received a higher number of phone calls from students per application than received by Student Finance England (SFE) and SFW combined. Each month during 2020-21, SFW did not achieve its internal target for this indicator. Performance also dipped during 2020-21 in relation to the percentage of calls answered by SFW, with SFW achieving its internal target in only 6 of the 12 months in 2020-21.

However, the data shows that undergraduate applications are processed more quickly in Wales than in the rest of the UK. In 2019-20 and 2020-21, the percentage of applications processed in 70 calendar days¹⁵ has been consistently higher in SFW than in SFE and SFW combined. SFW achieved its internal target for this indicator in 8 of the 12 months in 2020-21.

Exhibit 14 shows that customer satisfaction with the repayment service in 2018-19 and 2019-20 was quite high, reaching a peak of 86% in September 2018. However, there was a marked decline from April 2020 through to December 2020 when satisfaction fell to a low of 32%, before the position improved in early 2021. **Exhibit 15** shows that there was a slight overall decline in satisfaction with the Apply to Pay service in Wales between 2018-19 and 2020-21, which ranged between 71% and 90%.

15 From application submission to customer receiving first offer of loan/grant entitlement.

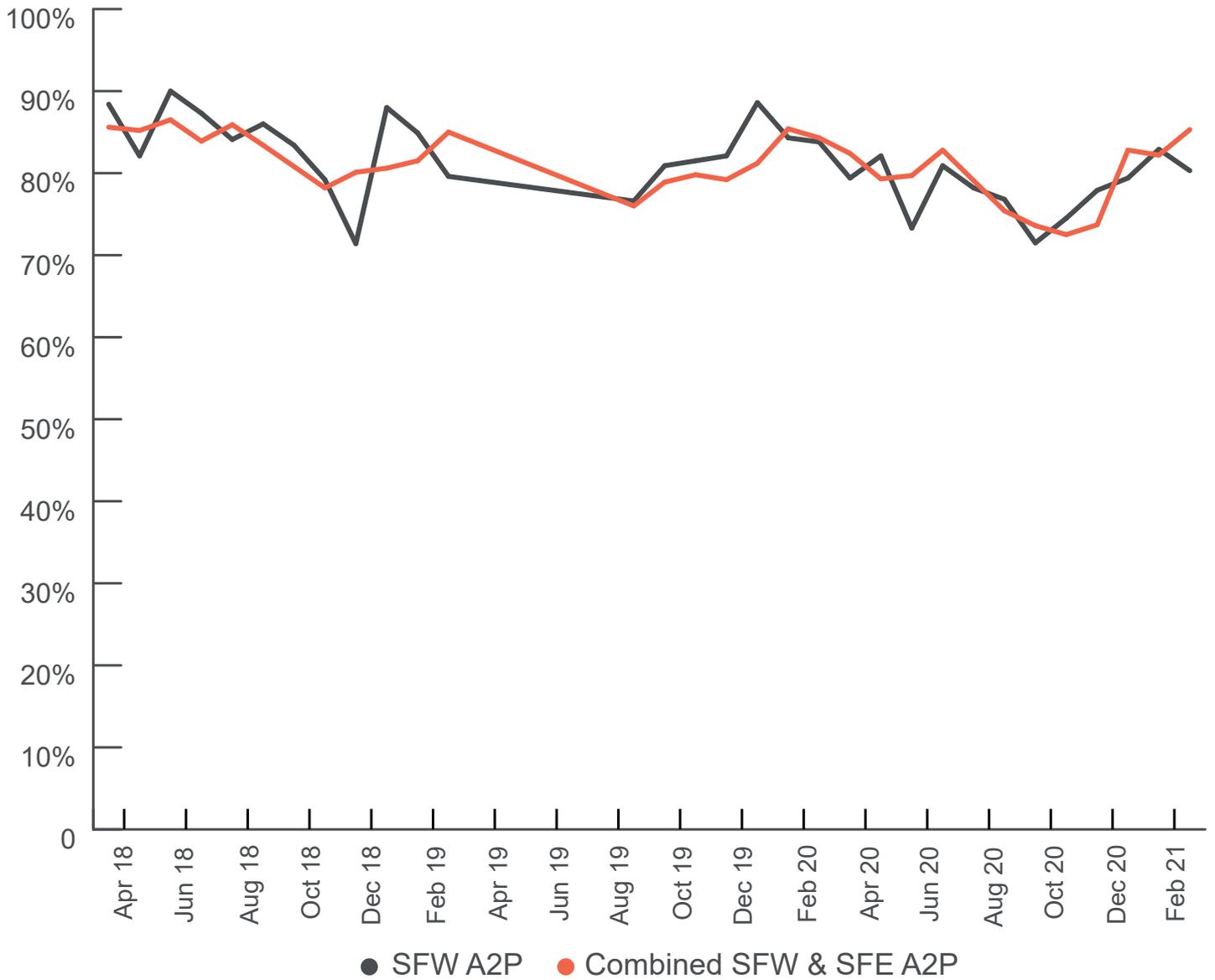
Exhibit 14: customer satisfaction with the repayment service



Note: the SLC repayment service relates to former students who have begun to repay their student loans.

Source: SLC

Exhibit 15: satisfaction with the Apply to Pay service



Note: the SLC Apply to Pay (A2P) service relates to all student finance applicants, successful and unsuccessful.

Source: SLC



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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	9 December 2021
Subject:	Local Code of Governance Draft
Head of Service:	Carys Edwards Head of Profession HR and Transformation 01248 752502 CarysEdwards@ynysmon.gov.uk
Report Author:	Gethin Morgan Programme, Business Planning & Performance Manager 01248 752511 GethinMorgan@ynysmon.gov.uk
Nature and Reason for Reporting: The Local Code of Governance sets out the Council's approach to delivering good governance. The Governance and Audit Committee has the responsibility of approving the Council's Local Code of Governance.	

Introduction

1. To demonstrate good governance, the Council must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). This statement has been prepared in accordance with those principles.
2. The Isle of Anglesey County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
3. 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 includes arrangements for the management of risk together with adequate and effective financial management.

Recommendation

4. That the Governance and Audit Committee reviews and approves the Local Code of Governance Draft
5. That Committee Members are invited if they so wish to offer minor amendments to the Local Code of Governance Draft before it is adopted by the Isle of Anglesey County Council in March 2022.



Local Code of Governance

Draft December 2021

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What is Corporate Governance?

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.

The Chartered Institute of Public Finance and Accountancy's (CIPFA's) International Framework for Good Governance in Local Government states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for the public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.”

The Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens. The basic premise is:



What is the Code of Corporate Governance?

To demonstrate good governance, the Council must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). The established principles are:

Principle A

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B

- Ensuring openness and comprehensive stakeholder engagement

Principle C

- Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle D

- Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E

- Developing the entity's capacity, including the capability of its leadership and the individuals within it

Principle F

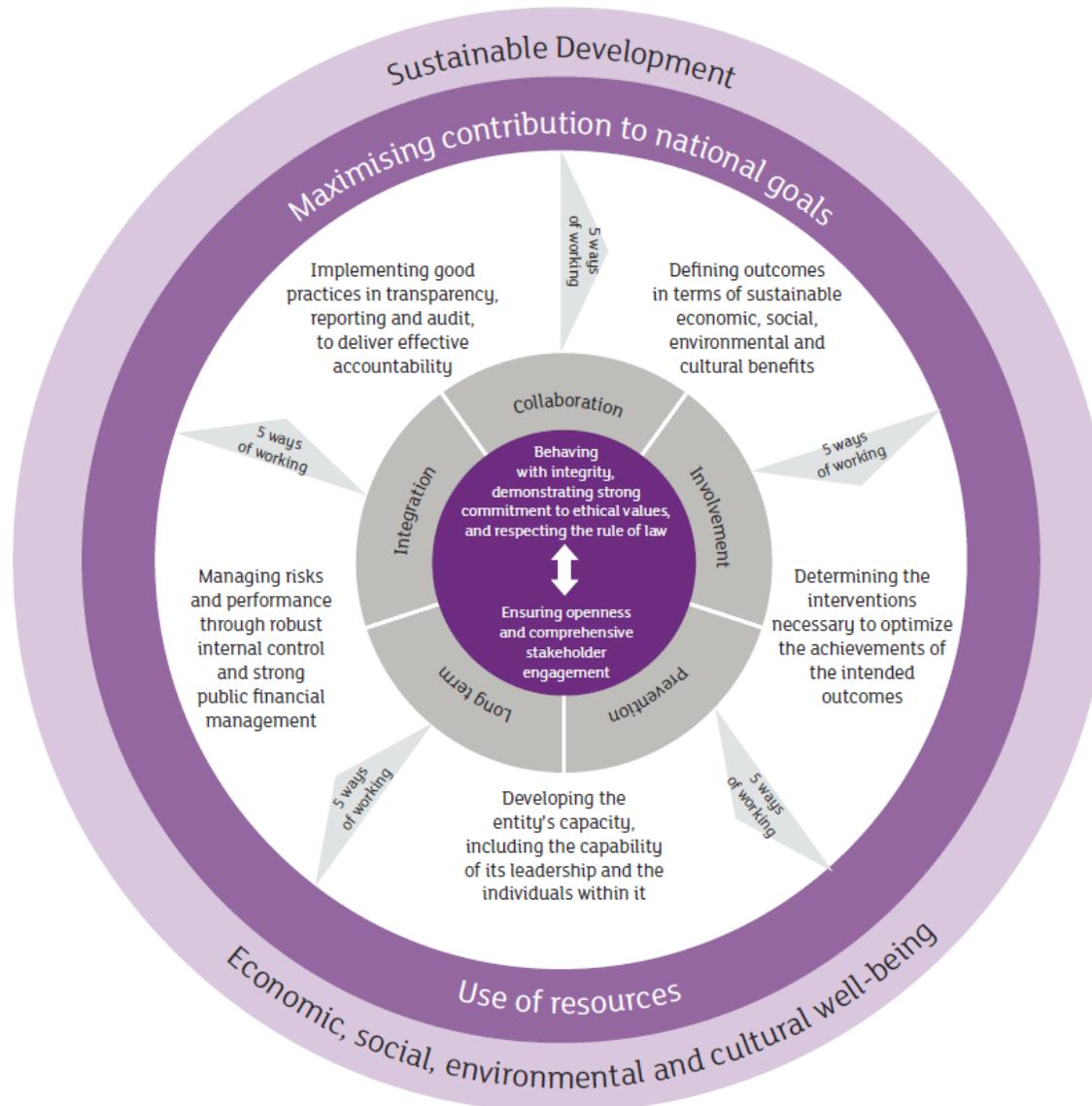
- Managing risks and performance through robust internal control and strong public financial management

Principle G

- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Aspects of the Council’s governance arrangements have been strengthened and modernised in recent years across a number of governance themes. The current [Council Plan](#) has been in place since 2017 and this places an emphasis on our governance structures to enable the outcomes of the plan to be delivered. These can be aligned to the seven core principles in the CIPFA/SOLACE framework.

The Council aims to achieve good standards of governance by adhering to the seven core principles and also adhering to the Wellbeing of Future Generations (Wales) Act 2015 principles which together form the basis of our Code of Corporate Governance.



Source: Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities (2016 Edition)

How do we demonstrate compliance?

The Council reviews and reports against its governance arrangements on a regular basis. The Monitoring Officer ensures compliance with the policies, procedures, laws and regulations whilst the Section 151 officer advises on all financial matters, ensures proper financial records are kept and that a sound system of internal control is in place.

The Council conducts, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework will be evaluated by a combination of:-

- the results of the regular in-year review and monitoring by officers and committees which include:
 - formal risk management activity, including specific consideration of those risks linked to governance processes;
 - internal audit, whose work includes auditing the highest risks identified in the Corporate Risk Register, including risk management, in accordance with the annual internal audit strategy, and which includes 'follow-up' work to ensure that senior officers address agreed 'Issues / Risks';
 - the annual assessment of Internal Audit by the Council's external auditors;
 - the work of the Council's Scrutiny and other Committees, including its Governance and Audit and Standards committees;
 - the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;

- the regular monitoring of improvement and performance against the Council Plan and its supporting plans and strategies by members and senior managers;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Corporate Plan;
- reviews of feedback from Estyn and CIW and the related scrutiny panels;
- a series of interviews with key officers;
- discussions with, and receiving comments from, groups of officers and members including the SLT and the Executive.

Key policies, and any amendments to them, are approved by the Executive and where appropriate, formally adopted by the County Council.

The overall assessment will follow the following self-assessment grading –

Excellent	Many strengths, including significant examples of sector-leading practice
Good	Many strengths and no important areas requiring significant improvement
Satisfactory	Strengths outweigh areas for improvement
Unsatisfactory	Important areas for improvement outweigh strengths

The results of this assessment and review, which is carried out in line with the core principles of the Code, inform the production of the Council's Annual Governance Statement, which is presented as part of the Statement of Accounts.

The Council also use the 'Three Lines Model' as demonstrated in the graphic below, where each line can be used to provide assurance. A range of assurance activities from across all lines of defence is then used to provide a robust assurance picture.



Commitments to the Governance Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

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

Related Key Theme: 1) Professional and Well Run

The Council is committed to:

Behaving with integrity

A1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council

A2. Ensuring members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the 'Nolan Principles')

A3. Leading by example and using the above Target Operating Model or values as a framework for decision making and other actions

A4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Sources of assurance

- There are a number of codes of conduct and protocols in place as part of the [Constitution](#) to ensure high standards of conduct and behaviour – these include
 - Members code of conduct
 - Officers code of conduct
 - Protocols for Member/Officer relations
 - Anti-Bullying and Harassment Policy
 - Protocols on gifts and hospitality
 - Political management protocols
- Members receive training on the codes of conduct as soon as possible after election
- The Monitoring Officer acts as the lead officer for the Standards Committee with seven of the nine members external appointments, and the remainder elected members.
- Council Values Six Key Themes
- [Members and Officers Code of Conduct](#)

Demonstrating strong commitment to ethical values

A5. Seeking to establish, monitor and maintain the Council's ethical standards and performance

A6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation

A7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values

A8. Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with high ethical standards expected by the Council.

Respecting the rule of law

A9. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations

A10. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements

A11. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders

A12. Dealing with breaches of legal and regulatory provisions effectively

A13. Ensuring corruption and misuse of power are dealt with effectively

- [Standards Committee](#)
- Financial Procedure Rules
- Contract Procedure Rules
- Prevention of Fraud and Corruption Policy in the Constitution with subsidiary plans in place
- Protocol on [gifts and hospitality](#) and a [register of interests](#)
- Declaration of interests before every meeting
- Staff Inductions
- Whistleblowing Policy
- Dedicated Monitoring Officer
- ICT Security Policy
- Cyber Security
- GDPR guidance

Principle B: Ensuring openness and comprehensive stakeholder engagement

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

Related Key Theme: 3) Customer, Citizen and Community Focused, 5) Committed to Partnership

The Council is committed to:

Sources of assurance

Openness

B1. Ensuring an open culture through demonstrating, documenting and communicating our commitment to openness

B2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided

B3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear

B4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Engaging comprehensively with institutional stakeholders

B5. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably

- [Executive](#) and Council meetings are held in public (with the exception of exempt items) and all papers are published on the Council website
- [Records of decisions](#) and supporting materials are made available.
- All reports to committees are accompanied with a cover report, which details a summary of the report, the recommendations seeking approval and a rationale for why that recommendation has been made, in order to show the reasoning and evidence for decisions.
- A Combined [Forward Work Programme](#) for the Executive and Scrutiny Committees is publicly available and published on the Council's website.
- There are clear timescales for the submission, publication and distribution of reports.
- The webcasting of meetings of [the Executive](#), [Planning & Orders](#) and [Council meetings](#).
- Annual reports are published by Scrutiny, the Standards Committee and the Governance & Audit Committee.
- The [Annual Delivery Document](#) outlining what activities will be undertaken throughout the year against the Council Plan objectives is published

B6. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively

B7. Ensuring that partnerships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

Engaging stakeholders effectively, including individual citizens and service users

B8. A clear policy on the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes

B9. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement

B10. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs

B11. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account

B12. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity

B13. Taking account of the interests of future generations of tax payers and service users

- An [Annual Performance Report](#) is published to demonstrate progress against the Council Plan (Annual Delivery Document) for the previous year
- A [Quarterly Scorecard monitoring report](#) is published progress to demonstrate against Key Performance Indicators linked to the Council Plan and Service objectives.
- The Council uses the [Website](#) and [Social Media](#) to reach a growing number of residents and stakeholders.
- [Freedom of Information](#) practices are in place to publish responses to requests.
- The [Public Services Boards for Gwynedd and Ynys Môn](#) local authority areas became a statutory body under the Well-being of Future Generations (Wales) Act 2015.
- A Staff Survey is held every three years and the results are used to inform varying agendas across the council.
- Members of [North Wales Economic Ambition Board](#)
- Members of [GwE board](#)
- Partners with other Local Authorities and Health Board on the [North Wales Social Care and Well-being Regional Collaborative](#)
- [North Wales Councils - Regional Emergency Planning Service](#)
- The [Community Engagement Model](#) is used to improve the corporate approach to community engagement. This model is essential in order to identify those communities and groupings that will have an interest in taking over responsibilities for delivery of local type needs in their communities
- The Engagement and Consultation Board provides a cross Council approach to engagement and stakeholder involvement which reduces duplication, ensures a collective approach to engagement and improves our area based intelligence as a Council.

- The [Transforming Business Processes Board](#) assists the Council to contribute to its theme of achieving '*excellent customer, citizen and community focus*' (Six Key Themes) and it is responsible for all aspects of Customer Service and is used to monitor and improve the customer experience for our residents.
 - Mystery shop exercises are undertaken to audit the Council's adherence to the [Welsh Language Standards](#) and the Customer Service Charter
 - Full Council, The Executive and Planning & Orders Committee meetings are all [webcast](#) and available to view for up to six months after the meetings online.
 - Citizens are welcome to attend public meetings and arrange to speak publicly on the Scrutiny and Planning & Orders Committees
 - A [Corporate Complaints procedure](#) is in place and [statistics](#) are published quarterly on the website
 - A separate complaints procedure is in place for [Social Services](#)
- Stakeholders are able to respond to [consultations](#) on the website

Principle C: Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits

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

Related Key Theme: 3) Customer, Citizen and Community Focused, 5) Committed to Partnership, 6) Achieving

The Council is committed to:

Sources of assurance

Defining Outcomes

- C1. Having a clear vision which is an agreed formal statement of the Council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council’s overall strategy, planning and other decisions
- C2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- C3. Delivering defined outcomes on a sustainable basis within the resources that will be available
- C4. Identifying and managing risks to the achievement of outcomes
- C5. Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available.

- The Council’s overall vision is reflected in the [Council Plan](#) which covers the period of the local elections of five years. It is a Plan which describes priorities clearly and explains how the priorities reflect the views of the citizen and is aligned to the ever developing medium term financial strategy.
- The [Medium Term Financial Strategy](#) is reviewed annually, in line with the corporate priorities.
- All services produce an annual [Service Delivery Plan](#) that shows clearly how they contribute towards achieving our corporate priorities. All service plans contain measures and success criteria to evidence how actions will make a difference.
- Key Performance Indicators aligned to the Council Plan are monitored on a quarterly basis through the [Corporate Scorecard](#). The Corporate Scorecard Report is reported to the Senior Leadership Team, Corporate Scrutiny and The Executive where mitigating actions against underperforming KPIs are agreed for implementation by the Services.
- Services are subject to six monthly Service Reviews – looking specifically at the budget and expenditure in June and on performance and outcomes between November and January. Members of the Senior Leadership Team and elected members, from

Sustainable economic, social and environmental benefits	
<p>C6. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	<p>both the Executive and Shadow Executive, rigorously challenge service performance at the service review sessions. Actions to address issues or improve performance against set targets are then agreed at the meetings for implementation over the next 12 months</p> <ul style="list-style-type: none"> • Performance and progress against the Council Plan is published annually in the Annual Performance Report, and financial performance is published in the Statement of Accounts. • The Gwynedd and Anglesey Public Services Board was established in 2016, in accordance with the Well-being of Future Generations (Wales) Act 2015. The PSB provide both an Annual Report and Progress reports throughout the year. • Annual Governance Statement • Quarterly Revenue and Capital Reports • The Director of Social Services is required to produce an Annual Report • Welsh Language Annual Monitoring Report
<p>C7. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints</p>	
<p>C8. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p>	
<p>C9. Ensuring fair access to services</p>	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

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

Related Key Theme: 2) Innovative, Ambitious and Outward Looking

The Council is committed to:	Sources of assurance
<p>Determining and Planning interventions</p> <p>D1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p> <p>D2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p> <p>Optimising achievement of intended outcomes</p> <p>D3. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<ul style="list-style-type: none"> • The Constitution sets out clearly how the Council operates and how decisions are made and procedures need to be followed to ensure efficiency, transparency and accountability • Council Committee Structures - Council, the Executive, the Governance & Audit Committee, Democratic Services Committee, Planning & Orders, Licensing, Corporate Scrutiny, Partnership & Regeneration Scrutiny Committee, and the Standards Committee. • The Isle of Anglesey County Council has responsibility for the policy and budget framework. Key governance reports are matters for Council, and Council agree the annual revenue and capital budget. • The Executive is the key decision making body and consists of the leader and eight further portfolio holders. • The Governance and Audit Committee is a key component of the Council's governance framework. The committee includes a lay co-opted member which serves to widen the independent knowledge and experience base. • The Corporate Scrutiny Committee provides assurance regarding performance and delivery of all services, It ensures

<p>D4. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> <p>D5. Considering and monitoring risks facing each partner when working collaboratively including shared risks</p> <p>D6. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p> <p>D7. Establishing appropriate local performance indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured</p> <p>D8. Ensuring capacity exists to generate the information required to review service quality regularly</p> <p>D9. Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan</p> <p>D10. Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</p> <p>Optimising the achievement of intended outcomes</p> <p>D11. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p> <p>D12. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p>	<p>that the council achieves its corporate and service objectives whilst supporting and making recommendations for continuous improvement.</p> <ul style="list-style-type: none"> • The Partnership and Regeneration Scrutiny Committee ensures that the interests of the citizens of the Island are promoted and that the best use is made of Council resources, in line with the Council's priorities, that demonstrate added value from working with partners. • All reports to committees are accompanied with a cover report, which details a summary of the report, the recommendations seeking approval and a rationale for why that recommendation has been made, in order to show the reasoning and evidence for decisions. • The Senior Leadership Team (SLT) and Y Penaethiaid ensure that outcomes are monitored and achieved throughout the year. • Services are subject to six monthly Service Reviews – looking specifically at the budget and expenditure in June and on performance and outcomes between November and January. Members of the Senior Leadership Team and elected members, from both the Executive and Shadow Executive, rigorously challenge service performance at the service review sessions. Actions to address issues or improve performance against set targets are then agreed at the meetings for implementation over the next 12 months. • The Council has a Corporate Planning and Performance Management Framework in place • The programmes and projects aligned to the Council Plan are monitored by the Corporate Governance Programme Board and Transforming Services Programme Board. • The Anglesey Energy Island™ Programme, established by Isle of Anglesey County Council, is a collective effort between several stakeholders within the public, private and third sectors working in partnership, putting Anglesey at the forefront of low carbon energy research and development, production and
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D13. Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage

servicing, and bringing with it potentially huge economic rewards.

- The Council works with tourism industry partners in order to create a more long-term tourism strategy for the Island. The [Destination Anglesey Partnership Board \(DAP\)](#) monitor achievements against the [Destination Anglesey Management Plan](#)
- [Budget Consultation](#)
- [Medium Term Financial Strategy](#)
- [The Council's Budget Book](#)

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

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

Related Key Theme: 4) Valuing and Developing our People

The Council is committed to:

Sources of assurance

Developing the entity's capacity

E1. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.

E2. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness,

E3. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council's resources are allocated so that outcomes are achieved effectively and efficiently,

E4. Recognising the benefits of partnerships and collaborative working where added value can be achieved

Developing the capability of the entity's leadership and other individuals

- Workforce Development Strategy
- Workforce Development Plans for each Service
- People Strategy
- Annual Appraisal (PDR)
- Equalities Plan 2020-24
- Member briefing sessions
- Managers Forum
- Staff Awards
- WLGA Charter for Member Support
- [Member Development and Training Programme](#)
- Trainee Scheme
- Denu Talent (Attracting Talent Scheme)
- Learning Pool / E-Learning
- Internal Training Programme – including Arweinyddion Môn, Academi Môn, and 'Twf a Datblygu' (Growth and Development)

E5. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained

E6. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body

E7. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority

E8. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:

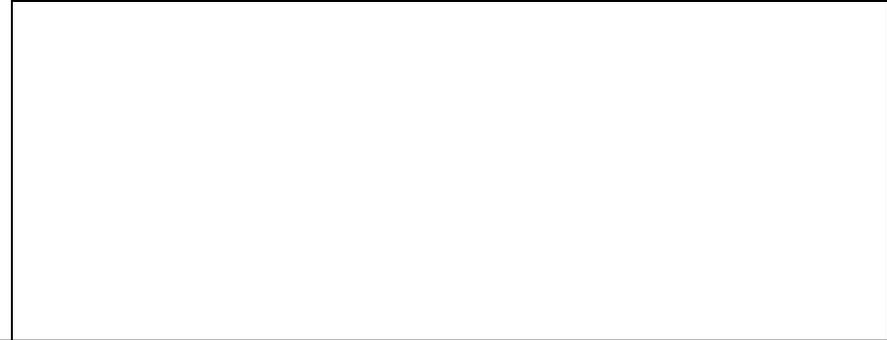
- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged,
- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis,
- ensuring personal, organisation and system-wide development through shared learning, including
- lessons learnt from both internal and external governance weaknesses

E9. Ensuring that there are structures in place to encourage public participation

E10. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections

E11. Holding staff to account through regular performance reviews which take account of training or development needs

E12. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing



Principle F: Managing risks and performance through robust internal control and strong public financial management

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

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

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

Related Key Theme: 1) Professional and Well Run

The Council is committed to:	Sources of assurance
<p>Managing Risks</p> <p>F1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p> <p>F2. Implementing robust and integrated risk management arrangements and ensuring they are working effectively</p> <p>F3. Ensuring that responsibilities for managing individual risks are clearly allocated</p> <p>Managing Performance</p> <p>F4. Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review</p>	<ul style="list-style-type: none"> • Risk Management Policy and Framework • Risk management software 4risk • Performance Management Framework • Council Plan • Annual Delivery Plan • Annual Performance Report • Self-Assessment (Internal) • Service Reviews – Financial and Performance • Corporate Programme Boards • Internal Audit’s self-assessment against the Public Sector Internal Audit Standards (PSIAS) • Internal Audit reports • Internal Audit action tracking software (4action) • SIRO Annual Report • Information Governance Training • Information Governance Policy

<p>F5. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook</p> <p>F6. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the Council's performance and that of any organisation for which it is responsible</p> <p>F7. Providing members and senior management with regular reports on progress towards outcome achievement.</p> <p>F8. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</p> <p>Robust Internal Control</p> <p>F9. Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>F10. Evaluating and monitoring risk management and internal control on a regular basis</p> <p>F11. Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>F12. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>F13. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p>	<ul style="list-style-type: none"> • Corporate Information Governance Board • ICT Security • Quarterly Revenue Reports • Quarterly Capital Reports • Statement of Accounts • The Council's Treasury Management arrangements follow professional practice and are subject to regular review by the Audit & Governance Committee, the Executive and the Full Council. • Medium Term Financial Plan • Procurement Strategy • The Annual Certificate of Compliance confirmed that the Council complied with its responsibilities relating to financial reporting, use of resources, improvement planning and performance management.
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- provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
- that its recommendations are listened to and acted upon

Managing Data

F14. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data

F15. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies

F16. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong Public Financial Management

F17. Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance

F18. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

Principle G: Implementing good practices in transparency, reporting, and audit to deliver

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

Related Key Theme: 1) Professional and Well Run

The Council is committed to:

Sources of assurance

Implementing good practices in transparency and reporting

G1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate

G2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

G3. Reporting at least annually on performance, value for money and the stewardship of resources

G4. Ensuring owners and senior management own the results

G5. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)

G6. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate

- All agendas and reports are available on the Council Website
- Governance & Audit Committee
- Annual Report of the Governance and Audit Committee – Chair's Report
- Members register of interest
- Town and Community Council register of interest
- Internal Audit Reports
- Monthly Member briefing sessions
- External Audit reports including Estyn, Welsh Audit, Care Inspectorate Wales
- Inspectorate Reports
- Annual Scrutiny Report
- Annual Internal Audit Report

G7. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations

Assurance and effective accountability

G8. Ensuring that recommendations for corrective action made by external audit are acted upon

G9. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon

G10. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations

G11. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement

G12. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

Appendix 1

The Six Key Themes

The Six Key Themes have been developed by staff and management to support our aims and objectives in the Council Plan. They are used as a basis to everything we do and tie in with the Core Principles and the Wellbeing of Future Generations (Wales) Act 2015 principles –

1. Professional and Well Run

We are committed to developing a democratic and professional partnership that will deliver effective, strong leadership and establish the necessary professional, and organisational behaviours required, to secure improvement

2. Innovative, Ambitious and Outward Looking

We will establish an environment and culture that encourages and nurtures, innovative and creative, ideas and solutions looking beyond the organisation to seek ambitious solutions that benefit our customers, citizens and communities

3. Customer, Citizen and Community Focused

We will actively engage with communities, citizens and customers, seek their views, understand their needs and respond accordingly fully explaining and communicating our actions

4. Valuing and Developing our People

We will value and develop our people, so that they are skilled and motivated, and always professional in the way that they work. We will recognise success, innovation and a commitment to providing exceptional customer service

5. Committed to Partnership

We understand that we cannot deliver the required transformation on our own and are committed to working in partnership with public, voluntary and private sector partners in order to deliver sustainable growth and development

6. Achieving

We are results and outcome orientated and strive to improve our performance in the important areas of our work.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	9 December 2021
Subject:	National reviews and their related recommendations
Head of Service:	Carys Edwards Head of Profession HR and Transformation 01248 752502 CarysEdwards@ynysmon.gov.uk
Report Author:	Gethin Morgan Programme, Business Planning & Performance Manager 01248 752511 GethinMorgan@ynysmon.gov.uk
<p>Nature and Reason for Reporting: The purpose of this report is to assure the Committee that the national recommendations attached to the national reports have been given due consideration by the County Council Services and that the relevant ones are being implemented in a meaningful way.</p> <p>It is envisaged, if the Committee agrees, that the annual update will be presented to the Committee once a year in its quarter 3 meeting of the financial year in question.</p>	

Introduction

1. In order to demonstrate good governance, and in response to the letter from the Audit Director of Audit Wales sent to the Chair of this Committee and received by the Committee at its meeting on the 21st September this year, the attached report shows the Council's position against the various related areas of work.
2. The report recognizes 15 national reports and associated recommendations which will be updated annually for the attention of this Committee. Those recommendations affect a wide range of County Council services and could be listed as follows –
 - a. Highways, Waste & Property
 - b. Human Resources & Transformation
 - c. Resources
 - d. Learning
 - e. Housing
 - f. Social Services
 - g. Regulation & Economic Development
 - h. Council Business

Recommendation

3. That the Governance and Audit Committee:

- a. Accept the update as a record of the County Council's annual update against the related recommendations
- b. Accept the proposal that updates of this type will be scheduled annually for the attention of this Committee during Q3 into the future



National reviews and their related recommendations

Quarter 3 2021



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
At your Discretion - Local Government Discretionary Services	SLT / All Services	<p>Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future.</p> <p>There are opportunities for councils to involve citizens in shaping and running services themselves.</p> <p>The challenge for local councils will be to apply the lessons learnt from the pandemic and use it to refine, adapt and deliver further improvements in order to create positive change and remain relevant to all of their citizens.</p>	To be considered further as part of the process for drafting the new Council Plan 2022-2027
Procuring and Supplying PPE for the COVID-19 Pandemic	Highways, Property & Waste	<p>Preparedness for future pandemics</p> <p>R1 As part of a wider lessons learnt approach, the Welsh Government should work with other UK countries where possible to update plans for a pandemic stockpile to ensure that it is sufficiently flexible to meet the demands of a pandemic from different types of viruses.</p> <p>R2 In updating its own plans for responding to a future pandemic, the Welsh Government should collaborate with other public bodies to articulate a set of pan-public sector governance arrangements for planning, procuring and supplying PPE so that these do not need to be developed from scratch.</p> <p>R3 Shared Services should work with NHS and social care bodies to maintain an up-to date stock management information system that provides timely data on local and national stocks of PPE that can be quickly drawn upon in a future pandemic to support projections of demand and availability as well as providing a robust source of information for briefing stakeholders.</p>	<p>At the beginning of the pandemic IoACC did not have an adequate supply of covid PPE and no storage and distribution facility. The Council was able to devise relevant guidance to deal with the national shortages at the early stage, developed a PPE team, established a store and managed stock to ensure regular and adequate delivery of PPE to staff and Care settings. The operation was well organised with regular contact and supply from WG with excellent working across the Authority.</p> <p>The Community Loan Store and Mon Community Transport were invaluable and should be factored in to any future Corporate emergency planning policy. The pandemic forced Local Authorities to streamline and simplify the decision making process and shorter lines of communication which allowed operational management to function properly.</p> <p>The Council also established joint working on air monitoring and the development of information with a local medical doctor in advance of government guidance. Similarly, the Council is currently looking at air purifiers and seems to be slightly ahead of published government guidance.</p> <p>For the remainder of the covid pandemic we would appreciate further research and clear policy/guidance on masks/clear masks.</p>
Test, Trace, Protect in Wales: An Overview of Progress to Date	Transf'mation / TTP	<p>As well as commenting on the delivery of TTP, the report sets out some key challenges and opportunities that will present themselves as part of the ongoing battle to control COVID-19.</p> <p>Key Messages: The TTP programme has seen different parts of the Welsh public and third sector work together well, in strong and effective partnerships, to rapidly build a programme of activities that is making an important contribution to the management of COVID-19 in Wales.</p> <ul style="list-style-type: none"> The configuration of the TTP system in Wales has a number of strengths, blending national oversight and technical expertise with local and regional ownership of the programme, and the ability to use local intelligence and knowledge to shape responses. Arrangements for testing and contact tracing have evolved as the pandemic has progressed. But maintaining the required performance in these areas has proved challenging in the face of increasing demand. TTP is a crucial part of the Welsh Government's approach but has not been the only way it is trying to prevent the virus spreading. Despite increased testing and tracing activity, the virus has continued to spread. In Wales, as in other parts of the UK and internationally, testing and tracing has needed to be supplemented with increasingly stringent local and national lockdown restrictions in an attempt to reduce transmission rates. <p>Key challenges and opportunities:</p>	<ul style="list-style-type: none"> Having better information to improve efficiency and evaluate the impact of TTP <ul style="list-style-type: none"> The use of Power BI enabled regularly updated regional data on the impact of Covid to enable teams to evaluate their local authority areas and set up comparisons against other regions across Wales or the region. Internal team established to monitor PHW and BCU data alongside the local TTP data to identify trends and resource allocation Ensuring testing activities are fit for purpose and meet increasing demand <ul style="list-style-type: none"> Close and positive working relationship between IOACC and BCU established to ensure testing facilities were available on Anglesey Pop up testing sites were positioned in the 4 main towns to include Amlwch, Holyhead, Llanfairpwll and Llangefni on a rotating basis Resources were allocated to areas where there were outbreaks or an increase in numbers Additional testing sites were established when required to increase capacity on the island Additional testing facilities were implemented within areas of large outbreaks, this included test drop offs, LFD collection points, LFD sites and PRC sites. LFD collection points within leisure centres

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
		<ul style="list-style-type: none"> • Having better information to improve efficiency and evaluate the impact of TTP • Ensuring testing activities are fit for purpose and meet increasing demand • Creating a skilled, resilient workforce to deliver TTP • Influencing the public to follow public health protection guidance and requirements • Applying the learning from the TTP programme to other programmes and future ways of working 	<ul style="list-style-type: none"> - LFD distribution within schools for staff and appropriately aged children • Creating a skilled, resilient workforce to deliver TTP <ul style="list-style-type: none"> - Regional job description to ensure suitability and experienced advisors and tracers - Recruitment drives regionally and locally throughout the course of the year to ensure a consistent number of skilled staff are in post - Comprehensive training programme in place for new recruits to include shadowing, teams meetings and role play. - Continuous development through training sessions for all staff to ensure consistency • Influencing the public to follow public health protection guidance and requirements <ul style="list-style-type: none"> - In-house communications team established to include public protection, education, data analysis team and TTP to push relevant information to the public through social media, the corporate website and internal email to staff. - Anglesey were the first local authority in the region to use map technology to pinpoint positive case locations across the island to raise awareness of increasing numbers, this was accompanied by local intel and advice - Council Leader conducted telephone, TV, radio and newspaper interviews to raise awareness of local and national information - Weekly Mon FM radio update on the current position across Anglesey aired - Regular meetings with our external providers to share intel and trends who then supported in getting messages out to the public • Applying the learning from the TTP programme to other programmes and future ways of working <ul style="list-style-type: none"> - The council continuously develops and learns from programmes, projects and policy changes. - Lessons learnt logs are created following major incidents which have been used to support other local authorities when dealing with similar incidents - Regular meetings set up with regional teams to include representation from local authorities, BCU, PHW to share issues/risks or concerns and to discuss ways forward and propose/agree to changes <p>Weekly meeting with the Deputy Chief Executive as Chair with representation from BCU, PHW, education, NWP, TTP, Social Services, Testing, ambulance service to plan, prepare and learn.</p>
Providing Free School Meals During Lockdown	Resources / Learning	<p>Uptake of school meals increased and councils felt they were better placed for any future school closures</p> <ul style="list-style-type: none"> • In June 2020, most councils reported an increase in the number of eligible free school meals pupils during the Covid-19 pandemic. • The uptake of alternative free school meals ranged from 85% to 100%, an increase from a national figure of 77% pre-Covid. • 17 councils responded to our request for information and they told us in June that they were confident that should school closures happen again they are now better placed to maintain free school meal provision. • Arrangements for providing free school meals provision continue to be tested with the firebreak 	<p>The number of pupils now in receipt of free school meals has risen from around 1,300 pupils pre pandemic to over 1,800 pupils now. The Council has developed a process that allows it to pay all eligible pupils when required to do so and pupils that are self isolating or to all pupils in schools that are forced to close. The process has been developed using the functionality of the Benefits system which has improved the payment process.</p>

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
		'lockdown' that took place in October/November 2020 and on-going incidences of pupils being required to self-isolate.	
* Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic *	Resources	<p>Why we have produced this report</p> <p>1 We had already identified financial sustainability as a key risk to councils' arrangements before the pandemic occurred. This was, in part, due to the significant pressures on UK and, therefore, Welsh public finances following the financial crisis of 2008-09. We produced a report on the Financial sustainability of each local council during 2019-20, and these reports showed that councils were in very different positions in terms of their level of reserves and track record of spending within their agreed budgets.</p> <p>2 Against this backdrop the pandemic has already had an even more profound and immediate effect on public sector finances as a whole and, as a consequence, on councils' financial position. The impact on public sector spending over such a short period of time is unprecedented in modern peace time.</p> <p>3 This report is the beginning of our work looking at the financial sustainability of local councils during 2020-21, building on the work we completed in 2019-20. The report sets a high-level baseline position, including the reserves position, of local councils before the pandemic. It also sets out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward, as well as some reflections on the preparedness of local government in Wales for such an unprecedented event. Finally, we set out how Audit Wales intends to provide support and constructive challenge to councils and the local government sector, as a whole, over the remainder of 2020-21, in their efforts to maintain Financial sustainability against such significant funding pressures.</p>	<p>Financial sustainability of the Council was always a key risk, which was monitored and reported on to the Executive and the Full Council. The additional funding, which the Council has received as a result of the pandemic has strengthened the Council's financial position in the short term but the Council is aware that the future financial support provided by Welsh Government may be reduced which will increase the funding pressures.</p> <p>We will continue to monitor the Council's financial position closely and work with Audit Wales to ensure that the Council's financial management processes are robust and that future financial pressures are identified at the earliest possible stage and that action plans are put in place to protect the financial sustainability of the Council.</p>
The National Fraud Initiative in Wales 2018-20	Resources	<ul style="list-style-type: none"> All participants in the NFI exercise should ensure that they maximise the benefits of their participation. They should consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application. Audit committees, or equivalent, and officers leading the NFI should review the NFI self-appraisal checklist. This will ensure they are fully informed of their organisation's planning and progress in the 2020-22 NFI exercise. Where auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible. All participants should be aware of emerging fraud risks e.g. due to COVID-19, and take appropriate preventative and detective action 	<p>Although the NFI process has improved over the years, the process still generates a significant number of spurious matches, which do not lead to the identification of any fraud. It is difficult for a small authority, which has no dedicated Fraud Team, to review these matches in order to maximise the benefits of participation. i.e. the return does not always justify the amount of staffing resources required to undertake the checks.</p> <p>The NFI process provides historic matches i.e. there is a gap between the submission of the data and the receipt of matches during which time the Council may have undertaken other processes and identify and correct errors / frauds reported in the data match. e.g we use Datatank to regularly review Single Person Discounts which amounted to over half the frauds identified in the 2018-20 report.</p> <p>The NFI checklist has been completed and the outcome of the NFI exercise will be reported to the Governance & Audit Committee as part of the Annual Report on Fraud but the last exercise did not identify any frauds.</p> <p>The Council will continue to use NFI as part of its overall strategy to identify fraud and has identified part of one post to deal with NFI matches. However based on past experience NFI is of limited value to Anglesey.</p> <p>The Head of Audit, Risk and Insurance is working with colleagues in the North and Mid Wales Audit Partnership Counter Fraud Group to identify best practice in respect of NFI</p>

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
Commercialisation in Local Government	SLT / All Services	R1 Undertaking commercialisation requires councils to have enough capacity, the right skills and robust but agile systems to be in place. We recommend that councils use our self-evaluation tools to develop a strategy for the extent to which they want to pursue commercialisation.	Embracing a commercial approach to the provision of Council facilities has been impacted significantly by the Covid 19 pandemic due to the forced closure of facilities. We will review our commercialisation plans when developing our post-pandemic recovery plans.
Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility	Housing	Intelligent use of data R1 Public bodies and third sector partners should ensure they use data to plan the right future services, and to put in place effective data sharing protocols to ensure they respond effectively and safely to people sleeping rough. We recommend that councils and their partners: <ul style="list-style-type: none"> • invest in data analytical skills to better understand the current situation and predict future demand to prevent future homelessness; • review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities effectively; and • introduce a single data capture and risk assessment process for to help support safe decisions making in dealing with people sleeping rough. Integrated services to tackle complex needs R2 Because public bodies are responding to people in crisis, they often deal with acute issues in isolation and rarely address the fundamental cause of the crisis. To do this requires public bodies to design and create service delivery models that are responsive. We recommend that public bodies use our complex needs self-reflection tool to improve how they can jointly address complex needs in the future (the tool is set out at Appendix	Working across North Wales we have identified key contacts are for within <ul style="list-style-type: none"> • Health, including access to primary health care, mental health and drug and alcohol services • Police • Criminal Justice • RSLs And that we start the conversation in relation to this report. There will be an update on this during our next October meeting of NW LAs representatives.
* Financial management and governance - Community and town councils 2018-19 *	Council Business / Resources	<ul style="list-style-type: none"> - Community councils are managing more money but there is scope for some to review their budgets and the services they provide - 66% councils met the statutory deadline for publishing audited accounts - The number of qualified audits has fallen but remains too high at 218 councils - Significant problems led to public interest reports being issued at 12 councils - The 2019-20 audit is the final audit under the current arrangements and council views are being sought on the proposed changes 	The Council do not have any responsibility for Community Councils Finances or implementing any of the recommendations made in the report.
Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)	Community Safety – Housing / Social Services	R1 'Part 1 of the report highlights that despite public bodies having an increasing understanding of, and demand for, VAWDASV services, significant gaps remain and engagement with survivors and victims in reviewing and developing services is inconsistent. To address this, we recommend that needs assessment and mapping of service provision by public bodies are revisited and involvement widened and enhanced to include all relevant stakeholders to build a more accurate picture of current service provision and identify gaps. R2 Part 1 of the report describes how victims and survivors of VAWDASV often find it difficult to navigate a fragmented system of service delivery. To support victims and survivors to access and use services we recommend that public bodies: <ul style="list-style-type: none"> • produce comprehensive and relevant information in a variety of media on the full range of services available to protect and support victims and survivors; and • create a joint pathway to access services and support for both victims and professionals and advertise access arrangements widely. R3 Part 2 of the report notes that whilst it is important that organisations comply with relevant data protection legislation, they also need to share data with partners to better meet the needs of victims and survivors. We recommend that authorities: <ul style="list-style-type: none"> • ensure staff who are likely to come into contact with victims and survivors have appropriate VAWDASV training; • provide refresher training to service managers to ensure they know when and what data they can and 	<ol style="list-style-type: none"> 1. A revised regional needs assessment currently being written. Rhiannon Edwards leading on this document. 2. A range of public information videos focussing on VAWDASV matters have been uploaded onto our Council’s Social Media websites and Corporate Website – These include ‘Live Fear Free’ ‘Ask For Ani (Action Needed Immediately), How to contact designated VAWDASV providers such as Gorwel. In July 2020, IoACC in conjunction with the Safe Lives Charity established the One Front Door Gateway for low to medium level cases of VAWDASV, where children were part of the household. Referrals are submitted via Children Services (mostly as a result of CID16s) and are discussed within a multi agency group, comprising of middle / senior managers from Children Services, Housing, Education, Health, North Wales Police PVPU. Designated VAWDASV Provider. Victims/ survivors and perpetrators are subsequently contacted and referrals are made to the most appropriate agency / provider to deliver the required intervention / support.

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
		<p>cannot share; and</p> <ul style="list-style-type: none"> review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities. <p>R4 Part 2 of the report highlights that while some good progress has been made with regional working, there are not always appropriate levers in place to support service transformation in line with VAWDASV legislation. To ensure the benefits of regionalisation are realised, we recommend that delivery agencies (local authorities, health bodies, the police, fire and rescue authorities and the third sector) review their approach to regional working to better integrate services and maximise the positive impact they can make on victims and survivors.</p> <p>R5 Part 3 of the report highlights that the complex and short-term funding mechanisms, lack of data and insufficient consultation with stakeholders, are not supporting sustainable commissioning of VAWDASV services. To address this, we recommend that local authorities review their commissioning arrangements to:</p> <ul style="list-style-type: none"> remove duplication and overlap between different approaches within the authority and with partners; rationalise administration arrangements to improve efficiency and value for money; streamline and standardise commissioning arrangements to reduce the burden of administration on all parties; and set appropriate performance measures, targets and benchmarks to judge the impact and outcome of commissioned services. 	<ol style="list-style-type: none"> IoACCC housing service have completed the mandatory on line VAWDASV training and our Building and Maintenance Unit have received bespoke practical training on what to look out for and how to report suspected incidents of VAWDSAV, within properties. In terms of risk management, information is shared on a need to know basis and in accordance with GDPR requirements. North Wales have a Regional Multi Agency Commissioning Board for VAWDASV purposes, which reports to the North Wales Vulnerability and Exploitation Board. The Commissioning Group includes representatives from local authorities, health bodies, the police, fire and rescue authorities and the third sector. Currently being considered at Regional and local levels.
Review of Public Services Boards	PSB	<p>R1 In Part 1 of the report we set out that understanding the impact of choices and decisions requires public bodies to fully involve citizens and stakeholders and undertake comprehensive Impact Assessments. However, we found that current practice is insufficient to provide assurance that the needs of people with protected characteristics are fully considered when reviewing choices and the voice of citizens is not sufficiently influencing decisions. We recommend that PSBs:</p> <ul style="list-style-type: none"> conduct formal assessments to identify the potential impact on people with protected characteristics and the Welsh language and review agreed actions to ensure any adverse impacts are addressed; improve transparency and accountability by making PSB meetings, agendas, papers and minutes accessible and available to the public; strengthen involvement by working to the guidance in the National Principles for Public Engagement in Wales; and feedback the outcome of involvement activity identifying where changes are made as a result of the input of citizens and stakeholders. <p>R2 In Part 2 of the report we review arrangements for PSB scrutiny and conclude that there are shortcomings and weaknesses in current performance and practice. To improve scrutiny, we recommend that:</p> <ul style="list-style-type: none"> PSBs and public bodies use the findings of the Auditor General for Wales' Discussion Paper: Six themes to help make scrutiny 'Fit for the Future' to review their current performance and identify where they need to strengthen oversight arrangements and activity; and PSBs ensure scrutiny committees have adequate engagement with a wider range of relevant stakeholders who can help hold PSBs to account. <p>R3 In Part 3 of the report we summarise the difficulty of developing, implementing and resourcing PSBs and the challenges of managing multiple partnerships that can often have overlap and duplication. To help build capacity, consistency and resourcing of activity we recommend that:</p> <ul style="list-style-type: none"> PSBs take the opportunity to discharge other plan and strategy obligations through the Local Wellbeing Plan; the Welsh Government enables PSBs to develop flexible models of working including: <ul style="list-style-type: none"> merging, reducing and integrating their work with other forums such as Regional Partnership Boards; 	<p>R1</p> <ul style="list-style-type: none"> Impact assessments will be developed when projects are presented by the PSB that recommend a change of policy / service. Impact assessments will be developed to measure and understand the impact of decisions made by the PSB. The Gwynedd and Anglesey Public Services Board has an active website under the name: https://www.llesiantgwyneddaron.org/en/ <p>Details about Board meetings and minutes are included on the website.</p> <ul style="list-style-type: none"> Work is being planned to update the PSB's wellbeing Assessments, in line with the National Principles for public Engagement. Each year the PSB prepares a progress report on its work. The report has been drawn up to identify how the PSB's work impacts our residents. <p>R2</p> <ul style="list-style-type: none"> The PSB works with the Gwynedd and Anglesey Scrutiny Committees on the scrutiny timetable (to align with meetings of the PSB) and areas to be scrutinised. <p>R3</p> <ul style="list-style-type: none"> The PSB has been very proactive in terms of the action in question. There is a West Wales Health and Care sub-group, which is accountable to the Gwynedd and Anglesey Public Services Board, and it works with the Regional Partnership Board to ensure that the services planned for our residents meet local needs. The 'Healthier Wales' documentation informs the governance and plans of the Gwynedd and Anglesey Health and Social Care Sub-Group.

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
		<p>and – giving PSBs flexibility to receive, manage and spend grant monies subject to PSBs ensuring they have adequate safeguards and appropriate systems in place for management of funding; effective budget and grant programme controls; and public reporting, scrutiny and oversight systems to manage expenditure.</p> <p>R4 To help build capacity, consistency and resourcing of activity we recommend that the Welsh Government and Welsh Local Government Association in their review of strategic Partnerships take account of, and explore, the findings of this review.</p>	

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
The 'front door' to adult social care	Oedolion	<p>Improving access to the front door</p> <p>R1 Part 1 of the report sets out how authorities promote Access to the 'front door' and provide information, advice and assistance to help people to improve their wellbeing and prevent their needs from deteriorating. To improve awareness of the front door we recommend that:</p> <ul style="list-style-type: none"> • local authorities: <ul style="list-style-type: none"> -- review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely maner to avoid needs deteriorating and people presenting for assistance in 'crisis'; -- work in partnership with public and third-sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them; -- ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and -- to take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally. • The Welsh Government: <ul style="list-style-type: none"> -- improve carers' awareness and understanding of their rights to be assessed for their own care and support needs, aimed at generating demand for local authorities' preventative services; and -- undertake a full evaluation of the role of Dewis Cymru in the wider implementation of the Act and use the data gained to build on its potential as a national information sharing portal. <p>Investing in prevention and understanding impact</p> <p>R2 Part 2 of the report highlights weaknesses in authorities' assurance of the availability and quality of third-sector, preventative, community based services that they signpost people to. We recommend that:</p> <ul style="list-style-type: none"> • local authorities: <ul style="list-style-type: none"> -- map the availability of preventative services in their area to better understand current levels of provision and identify gaps and duplication; -- involve third-sector partners in co-producing preventative Solutions to meet people's needs and ensure people have equitable access to these services; -- work with third-sector partners to tailor and commission new Services where gaps are identified; and -- work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally. • Welsh Government: <ul style="list-style-type: none"> -- improve the cost evaluation in relation to the impact of the Act in a national context, and support local authorities to ensure that the desired impact of prevention on overall social-care expenditure becomes a demonstratable reality. 	<p>R1</p> <p>Our integrated health and social care single point of access(SPOA) provides the front door access to Adult social care with experienced staff aware of the plethora of local community based and third sector initiatives supporting our preventative and early intervention agenda.</p> <p>A range of information leaflets, is available at several local points of access such as Community hubs, GP surgeries, Acute and community hospitals and Council website seeking to ensure widespread cascading of preventative and self- help initiatives, support to carers, accommodation and access to care and support.</p> <p>Additionally we have developed in partnership with Medrwn Mon the local CVA a point of access for all community based resources. This organisation is able to share information, provide advice and offer assistance to individuals who are in need of general information. This service has developed into a valuable resource signposting and supporting access to preventative services avoiding escalating into formal statutory health and social care provision.</p> <p>A long standing contractual agreement with North Wales Advocacy service provides access to formal Advocay services and our local agreements with Age Cymru Gwynedd and Mon, Care and Repair, CAB, secures access and assistance to a range of initiatives and preventative services which is inclusive of advocacy support. Alignment with the national information hub DEWIS has been driven by the Third sector CVA and evaluation of the effectiveness to service users and informal Carers is a key priority.</p> <p>An action plan is being developed to enhance our' front door' experience for customers which is aligned to the implementation of our integrated Community Resource Teams.</p> <p>R2</p> <p>We have a well -developed preventative and early intervention strategy which has secured a range of community and third sector resources driven by identified local population needs, and delivered by partnership agreements with the Third sector providers and local community initiatives.</p> <p>The Council's 'Place Shaping' strategy aims to engage the local population in prescribing and delivering identified local community needs supported by an action plan for the delivery of identified service gaps in provision.</p> <p>Local Asset Coordinators are well established within the community and are linked to Community resource hubs, GP surgeries and are visible and fully engaged within their local communities. They provide initial links to local community resources, advocate and support access to benefits, housing and wellbeing initiatives and support community development programmes.</p> <p>Evaluation of the impact and effectiveness of this provision is both qualitative and quantitative and provides valuable data to inform onward development and long term impact on health and social care in reducing or delaying statutory care and support.</p>

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
The effectiveness of local planning authorities in Wales	Regulation & Economic Development	<p>R1 Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve stakeholders in choices and decisions. To improve involvement with stakeholders and ownership of decisions we recommend that:</p> <ul style="list-style-type: none"> • local planning authorities: <ul style="list-style-type: none"> – test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose; – use ‘Place Plans’ as a vehicle to engage and involve communities and citizens in planning choices and decision making; and – improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings. • Welsh Government: <ul style="list-style-type: none"> – review the Development Management Procedure Order 2012 and update the engagement and involvement standards for local planning authorities. <p>R2 Part 2 of the report highlights that local planning authorities have been subject to significant reductions in funding and struggle to deliver their statutory responsibilities. To improve resilience, we recommend that local planning authorities:</p> <ul style="list-style-type: none"> • review their building control fee regimes to ensure the levels set, better reflect the actual cost of providing these services and make the service self-funding; and • improve capacity by working regionally to: <ul style="list-style-type: none"> – integrate services to address specialism gaps; – develop joint supplementary planning guidance; and – develop future local development plans regionally and in partnership with other local planning authorities. <p>R3 Part 2 of the report highlights that the cost of development Control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. We recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • reviews development control fees to ensure the levels set, better reflect the actual cost of providing these services; and • consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience. <p>R4 Part 3 of the report summarises the effectiveness and impact of local planning authorities decision making and how well they are performing against national measures. We recommend that local planning authorities improve the effectiveness of planning committees by:</p> <ul style="list-style-type: none"> • reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority; • revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and • enforcing the local planning authorities’ standards of conduct for meetings. <p>R5 Part 4 of the report identifies the central role of planning to delivering the ambitions of the Wellbeing of Future Generations Act. We recommend that local planning authorities:</p> <ul style="list-style-type: none"> • set a clear ambitious vision that shows how planning contributes to improving wellbeing; • provide planning committee members with regular and appropriate wellbeing training and support to help deliver their wider responsibilities; • set appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and • annually publish these performance measures to judge planning authorities impact on wellbeing. 	<p>Considerable alignment between recommendation and scope/ priorities of IACC Planning Improvement Plan.</p> <p>Significant impact of Covid 19 pandemic on Planning Function performance, capacity and resilience.</p> <p>Planning Function has experienced significant savings/ efficiencies over the last 10 years – the impact of which are now being clearly seen</p> <p>Ongoing challenges in relation to maintaining capacity and recruiting new/ experienced officers.</p> <p>Function already collaborating regionally in relation to planning policy expertise – impacts of further regional collaboration (i.e. preparation of Strategic Development Plans) anticipated to create additional challenges in relation to capacity, capability and resourcing.</p>

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
Waste Management in Wales: Preventing waste	Priffyrd, Gwastraff ac Eiddo	<p>R1 Increasing the focus on waste prevention to reflect the overall aims of Towards Zero Waste Available data on the amount of waste produced suggests mixed progress to deliver the Welsh Government's waste prevention targets. We recommend that the Welsh Government:</p> <p>a) revisits the relative priority it gives to recycling and waste prevention as part of its review of Towards Zero Waste;</p> <p>b) sets out clearly the expectations on different organisations and sectors for waste prevention; and</p> <p>c) revisits its overall waste prevention targets and the approach it has taken to monitor them in light of progress to date, examples from other countries and in the context of current projections about waste arising through to 2050.</p> <p>R2 Improving data on commercial, industrial, construction and demolition waste The Welsh Government is a partner in initial work to assess the feasibility of developing a new digital solution to track all waste. If this preferred option does not succeed, we recommend that the Welsh Government works with Natural Resources Wales to explore the costs and benefits of other options to improve non-municipal waste data in Wales, including additional powers to require waste data from businesses.</p> <p>R3 Enhancing producer responsibility and using more legal, Financial and fiscal levers The Welsh Government has opportunities to influence waste prevention through legislation and financial incentives. It can also influence changes at UK level where fiscal matters are not devolved. We recommend that the Welsh Government consider whether provisions to extend producer responsibility and the use of financial powers such as grant conditions, fiscal measures and customer charges and incentives, are needed to promote and to prioritise waste prevention.</p>	<p>The Council fully supports the aims and targets of the Wales waste strategy on waste prevention. The Welsh Government has set very high targets and Anglesey Council will do everything possible to achieve the desired outcomes.</p> <p>Although the Council's main focus is on managing municipal waste, it fully supports working in partnership with all sectors to improve data collection from the commercial, industrial and construction sectors.</p> <p>Regarding enhancing producer responsibility to influence waste prevention, once again the Council fully supports all initiatives to promote this approach to managing waste in Wales.</p>
Discussion Paper: Six themes to help make scrutiny 'Fit for the Future'	Busnes y Cyngor	<p>Clarifying roles and responsibilities is still necessary in some councils and is a pre-requisite to successful scrutiny</p> <p>Councils should consider whether elected members and officers have a sound understanding of roles and responsibilities. And what this means for the way in which scrutiny functions and support are structured; and scrutiny activity is planned and conducted.</p> <p>Many councils continue to recognise a need to improve public engagement in scrutiny but in many councils this will require a step change in scrutiny practice</p> <p>In light of current and future challenges councils have an opportunity to re-evaluate what they are trying to achieve in terms of public engagement and consider whether a fundamental re-think of the way in which they plan and undertake scrutiny activity will help to achieve this. As part of this they could consider:</p> <ul style="list-style-type: none"> • clearly defining their ambitions in terms of seeking to engage the public in overview and scrutiny; • how improved technology can help them to engage more easily and cost effectively; • if the way in which scrutiny functions 'operate' is conducive to proactive public engagement and involvement of other stakeholders; and • if they have the appropriate support in place in terms of officers with the right knowledge, skills and experience as well as training, development and ICT support for members to enable scrutiny functions to properly and proactively engage with the public. <p>Councils should reflect on the rigour with which they prioritise and then plan scrutiny activity to improve its impact</p> <p>Councils should consider whether the way in which scrutiny activity is planned and undertaken:</p> <ul style="list-style-type: none"> • is sufficiently well prioritised, taking into account how much time and resource may be needed to 'properly' scrutinise topics, based on an appropriate methodology and hence, the implications for the number of items that committees can properly consider; • properly considers the options and methods that could be used to approach scrutiny of every topic, rather than just a few topics; • aligns with the roles and intended outcomes of the scrutiny function, and that choice of topics and methodologies are designed to deliver against these, rather than necessarily 'defaulting' to considering the majority of items at full committee in the form of officer reports; and 	<p>Clarifying roles and responsibilities</p> <p>The Authority developed a vision and strategy for Scrutiny agreed between the Executive, Chairs / Vice-chairs of Scrutiny and SLT. This defines a clear role and function for Scrutiny and what it should deliver and also sets the context in the short and medium term. Monthly chairs and vice chairs scrutiny Forum held to plan/prioritise /co-ordinate and manage work programmes of the 2 standing Scrutiny Committees ensuring alignment with Executive forward work programme. In addition, 3 specific Scrutiny Panels are part of scrutiny arrangements providing an opportunity to develop in depth knowledge in Financial management/Schools improvement and Social Services matters. The Council also arranges monthly briefing sessions on key strategic and operational matters as part of corporate governance arrangements</p> <p>Annual reports are prepared and presented to Full Council on the work of both Scrutiny Committees and the 3 Scrutiny Panels. This includes self-evaluation by Scrutiny Members. (expected outcome: "whole Council" approach to Scrutiny)</p> <p>Public Engagement in Scrutiny</p> <p>The Isle of Anglesey County Council encourages active participation of the public wherever possible and an opportunity exists for members of the public to speak on agenda items at Scrutiny Committee meetings. To this end, a public speaking protocol is in place for Scrutiny Committees and is intended as a means of ensuring that the voice of local people and communities on Anglesey are heard as part of the decision making process.</p> <p>(expected outcomes: improve public engagement in our scrutiny work, a strong foundation to improve outcomes for citizens, better decisions and quality of democratic engagement, enable the voice of local people and communities to be heard as part of decision and policy making processes)</p> <p>Planning and Scrutiny Impact</p>

Name of Report	Service	Recommendations/ Opportunities	Response from Anglesey Council
		<p>• actively considers how emerging technologies could be used to improve the evidence base for scrutiny, to inform both topic selection as part of work programming, and the findings and recommendations of scrutiny work.</p> <p>Responding to current and future challenges may need a different approach to supporting scrutiny committee members</p> <p>Councils should consider:</p> <ul style="list-style-type: none"> • what their scrutiny functions are trying to achieve, and whether current arrangements for officer support; and training and development will help them to achieve this; • if there is a need to upskill officers who work in support of scrutiny; • working more effectively with other parts of the council and/or with other organisations to improve the range of skills and knowledge available to support scrutiny; and • re-designing approaches to training and development programmes for scrutiny members. <p>Evaluating the effectiveness of scrutiny</p> <p>Given some of our observations above which suggest that roles are still not always clear, and there remains a 'traditional' approach to scrutiny topics in many councils, regular reviews of the effectiveness of arrangements that are subsequently acted on may be a key way of addressing some of these longstanding issues.</p> <p>Welsh government and councils should consider the implications of the above themes for councils' and partnership governance arrangements</p> <p>Councils and the Welsh Government should reflect on:</p> <ul style="list-style-type: none"> • the extent to which they can place reliance on local authority scrutiny functions in their current form; and • what this might mean for the expectations placed on scrutiny functions both within Councils' own governance and management arrangements and any associated guidance. 	<p>Scrutiny Committees are supported by 2 dedicated Scrutiny Unit Staff. Best practice is shared through national and regional networks.</p> <p>Monthly chairs and vice chairs scrutiny Forum are held to plan/prioritise /co-ordinate and manage work programmes of the 2 standing Scrutiny Committees ensuring alignment with Executive forward work programme</p> <p>Our local arrangements underpinning scrutiny forward work programmes have been developed to provide a greater focus on:</p> <ul style="list-style-type: none"> • Strategic aspects • Citizen / other stakeholder engagement and outcomes • Priorities of the 2017/22 Council Plan and corporate transformation programmes • Risks • Work of audit, inspection and regulation • Items on the Executive forward work programme. <p>Objective: rolling work programmes focusing on the quality of scrutiny; fewer items to add value</p> <p>(Expected outcomes: create the conditions for effective scrutiny, the impact of scrutiny is acted upon to improve effectiveness, governance arrangements that support robust and effective decision-making).</p> <p>Evaluating the effectiveness of Scrutiny</p> <p>The Council undertakes periodic evaluation of the effectiveness of its Scrutiny arrangements - annually as an integral part of the process of preparing its Scrutiny Annual Report. This is underpinned by Member self-evaluation which is also completed separately by the 3 scrutiny outcome panels</p> <p>(expected outcome: self-evaluation by Members to measure added value and impact)</p> <p>The Council's Scrutiny and Overview Annual Report 2020/21 provides a comprehensive resume of our scrutiny arrangements within the governance arrangements of the Council http://democracy.anglesey.gov.uk/documents/s16241/Overview%20and%20Scrutiny%20Annual%20Report%20201920.pdf?LLL=0</p>

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ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	09 December 2021
Pwnc: Subject:	Internal Audit Update
Pennaeth Gwasanaeth: Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
<p>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: 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>	

1. INTRODUCTION

1.1 This report updates the Committee, as at 1 December 2021, on the audits completed since the last update as at 1 September 2021, the current workload of internal audit and our priorities for the short to medium term going forward.

2. RECOMMENDATION

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



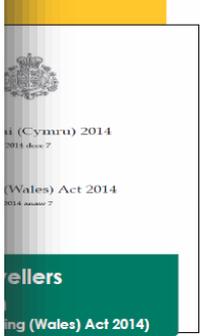
Investment in Assets

November 2021

Final Internal Audit Report
Marion Pryor BA MA CMIIA CPFA
Nanette Williams MSc CMIIA CIA



Cil Sundry Impact of



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INTERNAL AUDIT UPDATE DECEMBER 2021

Marion Pryor BA MA CMIIA CPFA, Head of Audit & Risk

MarionPryor@YnysMon.gov.uk



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ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

1. This section provides an overview of internal audit reports finalised since the last meeting, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **four** reports in the period, summarised below:

Title	Corporate Risk Register Ref.	Date Final Report	Assurance Level	Critical	Major	Moderate	Total
Investment in Assets	YM49	November 2021	Reasonable Assurance	0	0	0	0
Recovering Council Sundry Debts and the impact of Covid-19	n/a	November 2021	Limited Assurance	0	3	5	8
Gypsies and Travellers Accommodation	YM29	November 2021	Reasonable Assurance	0	0	0	0
Investigation - Property Services	n/a	November 2021	n/a	n/a	n/a	n/a	n/a

Investment in Assets

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
0	Moderate	

3. Our review sought to answer the following key question:

Does the Council have adequate arrangements in place to mitigate against the risk to the sustainability and effectiveness of its physical assets through under investment and lack of development?

4. Overall, our review concluded that the Council is in the process of strengthening its framework of controls to manage the risk that physical assets of the Island (e.g. buildings, roads, IT network) are not fit for purpose, or do not meet with the needs of the public and businesses, if the Council cannot invest sufficiently to maintain and develop them. Despite this, it is clear that the Council faces difficult decisions due to the scale of the Council's capital asset maintenance requirements within its current asset portfolio, and the challenges it faces when considered in the context of the capital funding available.

5. Due to factors outlined in our full report, it is too early to make a full assessment on the effectiveness of the controls in place to manage the risk to the sustainability and effectiveness of the Council's physical assets. We did not raise any formal 'Issues/Risks' that required management attention, as work is clearly still in progress. However, we are **reasonably assured** by the Council's recognition of the need for further work in this area, and progress to date demonstrates it is committed to strengthening its framework of controls in this area. However, we will continue to monitor this risk going forward.

Recovering Council Sundry Debts and the impact of Covid-19

Limited Assurance	Issues/Risks	
	0	Critical
	3	Major
5	Moderate	

6. Our review sought to answer the following key question:

Does the Council have robust arrangements in place to effectively recover its sundry debts and has it managed the impact of Covid-19?

7. Overall, our review concluded that although the Council has some arrangements in place to recover its sundry debts, debt recovery is not proactive or robust; delays in escalating debts for recovery action and a failure to maintain accurate debtor accounts impacts the Council's ability to recover its debts. Redeployment of the Recovery Team to assist other front line services and a suspension of all debt recovery action during the pandemic has also hampered the Council's recovery of its sundry debts.
8. We raised eight Issues/Risks, which require management action of high to moderate impact and Heads of Service involvement to resolve. Therefore, we are only able to provide **limited assurance** of the governance, risk management and control of this area.
9. We have agreed an action plan with management and we are assured that management is planning to address all the Issues/Risks by 30 June 2022. The Director of Function (Resources) / Section 151 Officer has commissioned a consultant to address the issues and risks raised in the Action Plan. A project with milestones has been developed and agreed with the consultant.

Gypsies and Travellers Accommodation (Requirements of the Housing (Wales) Act 2014)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
0	Moderate	

10. Our review sought to answer the following key question:

Does the Council have effective arrangements in place to assess the accommodation needs of the Gypsy and Traveller community under the requirements of the Housing (Wales) Act 2014 and has management addressed the outstanding 'issues/risks' originally raised in our 'Reasonable Assurance' report from March 2019?

11. Our review concluded that all of the 'issues/risks' raised in our initial review have been addressed and the action plan is complete. Progress against implementing the recommendations of the last Gypsy and Traveller Accommodation Assessment (GTAA) in 2016 has been delayed. However, we are satisfied that due to likely changes in the accommodation needs of Gypsy and Traveller groups on the Island, the Council has taken the decision to wait for the results of the current GTAA before committing to any further expenditure. Therefore, we are able to continue to provide a '**Reasonable**' level of assurance in this area.

Investigation – Property Services

12. We have concluded our investigation into an allegation involving procurement activity within the Highways, Waste and Property Service.
13. Our investigations concluded that the Property Service allocates a large volume of work to the supplier identified in the allegation, which consequently can lead to the perception of favouritism. However, we have not been able to find any evidence that any member of staff is improperly favouring this supplier when allocating work and officers are working within the rules set by the Council and within the Property Service itself. Despite this, we have identified two issues pertinent to this investigation:
 - The need to set up a contract or framework specifically for drainage works, taking into consideration the advice provided by the Contracts, Procurement and Corporate Governance Solicitor
 - Undertaking further work to review the risk of fraud and corruption in procurement more widely across the Council.
14. We are reasonably assured by officers' explanations that work classed as 'emergency' in nature, was such. However, where there is an element of judgement and discretion, it is important that officers retain all documentation to support proper process is being followed on all occasions, as there is a risk that the Council could face claims for compensation if proven it unfavourably treated a company.
15. It would be advisable for regular oversight and scrutiny by an independent senior manager to ensure the Service maintains the highest standards of regularity (the right powers and authority to spend the money) and propriety (acting in accordance with the Council's values). This means acting honestly, fairly and with integrity, avoiding waste or extravagance and avoiding any personal profit or gain, including the appearance of it.

WORK IN PROGRESS

16. The following audits are currently in progress:

Audit Area	Corporate Risk Register Ref	Service	Reason for Audit	Stage
Software Licence Management	YM38	Transformation	Corporate Risk Register	Draft Report
Managing the risk of fraud and corruption in procurement	YM46	Resources	Corporate Risk Register, Counter Fraud, bribery and Corruption Strategy 2021-24 and raised during investigation	Fieldwork
Information Governance	YM3	Corporate / Council Business	Corporate Risk Register	Fieldwork

National Fraud Initiative

17. Work continues on investigating the first tranche of the NFI 2020/21 matches released in January 2021. Matches highlight potential fraud and error in the Council's systems. In order to protect the public purse against fraud and error, we are in the process of reviewing the matches to stop potential overpayments from increasing.
18. Currently, we are working on investigating the following matches:
- Payroll to Payroll
 - Payroll to Companies House
 - Payroll to Creditors
 - Payroll to Pensions
 - Council Tax Reduction Scheme to Payroll
 - Council Tax Reduction Scheme to Pensions
19. We will report the outcome of these investigations in our Annual Counter Fraud, Bribery and Corruption report.
20. The Cabinet Office requires the Council to complete the annual data upload for matching the recipients of Council Tax Single Person Discount against the Electoral Roll before the end of January 2022. We will work with colleagues in these departments to provide the data in accordance with the specification.

OUTSTANDING ACTIONS

21. Work is progressing to support services with implementing all outstanding actions. The 4action dashboard at [Appendix 1](#) provides an overview of the status of actions as at 1 December 2021.
22. There are currently 14 overdue actions (6 Major; 8 Moderate), which fall within the Resources, Learning and Council Business services. They are related to 'Issues/Risks' raised in six audits:
 - Payments - Supplier Maintenance
 - Identification of duplicate invoices and recovery of duplicate payments
 - Sundry Debtors
 - Leavers' Process
 - Business Continuity
 - Schools Information Governance
23. We are working with the services to provide support with implementing the actions.

PRIORITIES FOR 2021-22

Current Capacity

24. We have successfully recruited into the vacant Senior Auditor post and welcome our new member of the team on 13 December 2021. This means that the team is almost up to full strength, with only half a full time equivalent post remaining vacant, due to flexible working. However, one member of the team continues to be absent on long-term sickness.

Short/Medium Term Priorities

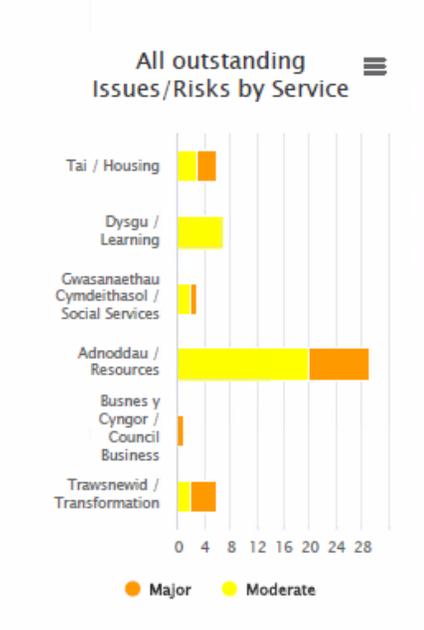
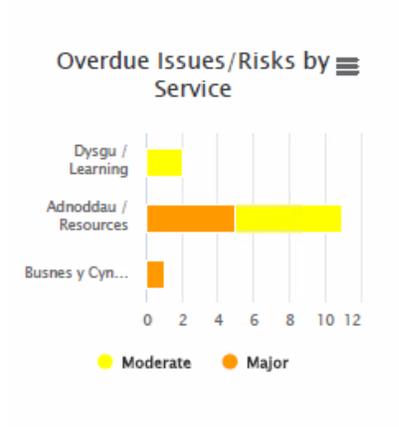
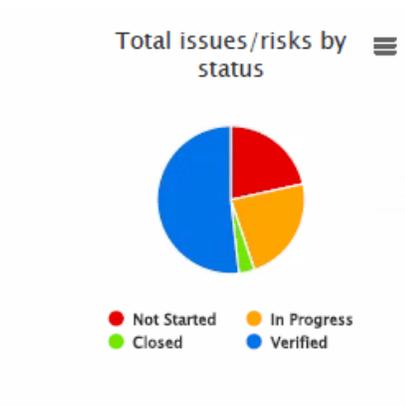
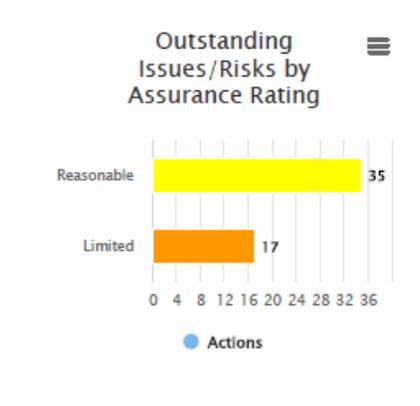
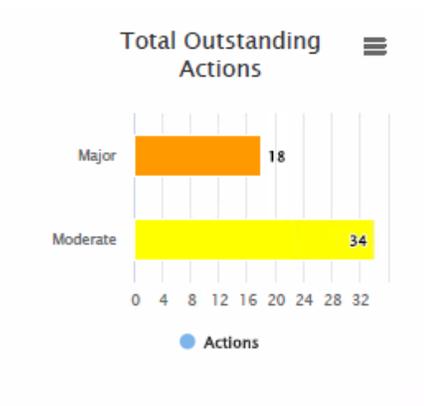
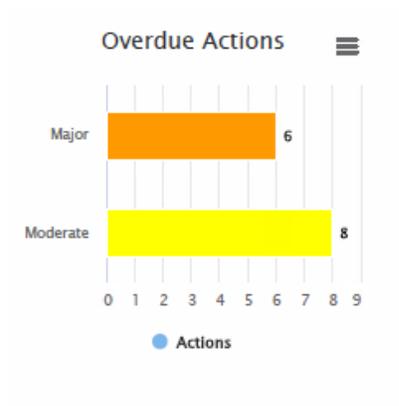
25. The Corporate Risk Register is in the process of significant review.
26. Our immediate priority is to review the 'red' and 'amber' residual risks we have not yet reviewed, or not reviewed in the last two years.
27. We will also continue to actively promote and monitor the addressing of outstanding internal audit issues/risks.
28. The newly recruited Senior Auditor does not have an internal audit background, so we will provide additional support to develop their technical audit skills.

Longer Term Priorities

- The delivery of the Counter Fraud, Bribery and Corruption Strategy 2021-24, including continuing to address the Audit Wales recommendations included in its report 'Raising Our Game - Tackling Fraud in Wales'.
- Work with colleagues in the Performance Team to improve assurance mapping across the Council and contribute to the development of the Performance Review Group.
- Prepare for the External Quality Assessment (EQA) due in June 2022.

APPENDIX 1 – OUTSTANDING ACTIONS (4ACTION DASHBOARD) AS AT 1 DECEMBER 2021

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Outstanding Red Issues/Risks

ID Summary

0 of 0

Outstanding Limited Assurance Reports

Audit Title	Count
Payments - Supplier Maintenance 202107	9
Identification of Duplicate Invoices and Recovery of Duplicate Payments 202118	6
ICT Service Continuity (Phishing) 202123	2

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 coordination between the Council's corporate business continuity plans and the IT disaster...
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...
4212	Financial Resilience 2 - Progress with undertaking an exercise to map sources of assurance to support the Council's governance framework and ensure...

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	09 December 2021
Subject:	Internal Audit Charter
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Nature and Reason for Reporting: The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Charter, which the Governance and Audit Committee must approve. A review to ensure continued appropriateness has not identified any significant changes.	

1. Introduction

- 1.1. The Public Sector Internal Audit Standards provides for a periodic review of the Internal Audit Charter, with final approval of the charter residing with the Governance and Audit Committee.
- 1.2. The Governance and Audit Committee last reviewed and approved the Charter in February 2021. The Head of Audit and Risk has undertaken a review to ensure continued appropriateness, which has not identified any significant changes.

2. Recommendation

- 2.1. That the Governance and Audit Committee notes the review and approves the continued appropriateness of the Internal Audit Charter.



INTERNAL AUDIT CHARTER DECEMBER 2021

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INTRODUCTION

1. The Public Sector Internal Audit Standards¹ (PSIAS) define the nature and set out basic principles for internal auditing in the UK public sector.
2. The Standards require the chief audit executive to define the purpose, authority and responsibility of the internal audit activity in an internal audit charter. Final approval of the Internal Audit Charter rests with the Governance and Audit Committee.
3. The internal audit charter establishes:
 - internal audit's purpose within the Council
 - internal audit's authority and its access records, personnel and physical properties relevant to the performance of its work
 - internal audit's responsibilities
 - reporting lines and the nature of the chief audit executive's relationship with senior management and the board
 - the scope of internal audit's work, including the nature of its assurance role and consultancy services
 - the role of internal audit in fraud-related work
 - arrangements for resourcing the internal audit service
 - the safeguards to limit impairments of independence or objectivity.
4. The PSIAS use generic terms that, in the Isle of Anglesey County Council's case, are translated as:

Public Sector Internal Audit Standards	Isle of Anglesey County Council
Chief audit executive	Head of Audit & Risk
Senior management	Senior Leadership Team
The board	The Executive

¹ Public Sector Internal Audit Standards, Issued by the Relevant Internal Audit Standard Setters, March 2017

INTERNAL AUDIT'S PURPOSE

5. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
6. The provision of assurance services is the primary purpose for internal audit. Through our annual internal audit opinion and other reports, we give assurance to elected and lay members and management, highlighting areas for improvement.
7. The PSIAS define internal audit as:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

8. Our role is unique; it provides effective challenge and acts as a catalyst for positive change and continual improvement in governance in all its aspects. Our role is particularly important when the Council is facing uncertain and challenging times.
9. To provide optimum benefit to the organisation, we work in partnership with management to assist the organisation in achieving its objectives.
10. Our main objectives are to:
 - Provide independent assurance and advice to management and lay and elected members on risk management, governance and internal control
 - Develop and promote our role to make a significant contribution to the Council's priority to modernise and deliver efficiencies and improve services for our customers
 - Add value in all areas of our work, providing excellent service to our customers.

INTERNAL AUDIT'S AUTHORITY

11. Internal audit is a statutory requirement for local authorities and obtains its authority and obligations from two pieces of legislation:
12. Part 3, Regulation 7 of the Accounts and Audit (Wales) Regulations 2014² states that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
13. Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined ‘proper administration’ in that it should include ‘compliance with the statutory requirements for accounting and internal audit’.
14. In addition, the CIPFA statement on the Role of the Chief Financial Officer in Local Government states that the Chief Financial Officer (CFO) must:
 - ensure an effective internal audit function is resourced and maintained
 - ensure that the authority has put in place effective arrangements for internal audit of the control environment
 - support the authority’s internal audit arrangements
 - ensure that the Audit Committee receives the necessary advice and information, so that both functions can operate effectively.
15. The Council’s Financial Procedure Rules also provide for the maintenance of a continuous internal audit under independent supervision, overseen by the Council’s Governance and Audit Committee, and subject to professional audit standards (4.8.5.3.1).

Internal audit’s rights of access

16. The Council’s Financial Procedure Rules (4.8.5.3.2) provide for internal audit’s rights of access, providing the service with authority to:
 - enter at all reasonable times Council premises, land or contract sites;
 - have access to all records, documents or correspondence relating to any financial and other transactions of the Council;
 - require and receive such explanations as are necessary from employees of the Council;
 - require employees of the Council to produce cash, stores or any other property of the Council under their control for examination.

² The Accounts and Audit (Wales) (Amendment) Regulations 2018 amend the 2014 Regulations but do not affect this requirement.

Scope of internal audit's work

17. The internal audit service is proactive and innovative, constantly aiming to improve. We have a customer-focused approach to audit planning, project scoping and service delivery, involving elected members, senior management and operational staff.
18. Our strategy takes account of the corporate risk register and other assurances that the Council may receive, internal or external, to prevent duplication and co-ordinate regulatory work. It also takes account of discussions with senior management.
19. Our work provides a risk-based approach that allows the Head of Audit and Risk to form and evidence her opinion on the control environment to support the Council's Annual Governance Statement.
20. Internal Audit may occasionally provide guidance and advice, e.g. on new systems or may help to develop new processes using our specific skills. Services may also occasionally ask us to carry out specific projects on a consultancy basis. On these occasions, we make it clear from the outset that we are working on a consultancy basis rather than internal audit basis and are not giving audit assurance on these occasions.

Independence

21. The PSIAS require that the chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities; reporting to the board or its delegated equivalent is the generally accepted method of helping to ensure the achievement of organisational independence.
22. The Head of Audit and Risk has direct access to the Governance and Audit Committee and is free to report directly to any member of the senior leadership team or head of service.
23. Although functionally reporting to the Director of Function (Resources) and Section 151 Officer, the Head of Audit and Risk has direct access to the Chief Executive Officer and Monitoring Officer, which is provided for in the Council's Financial Procedure Rules (4.8.5.3.5).
24. These extended reporting lines provide internal audit with sufficient independence of the activities that it reviews to enable its auditors to perform their duties objectively, allowing them to make impartial and effective professional judgements and raise issues for improvement.
25. The Director of Function (Resources) and Section 151 Officer annually appraises the Head of Audit and Risk's performance with input and feedback from the Chief Executive Officer and the Chair of the Governance and Audit Committee. This ensures that the Head of Audit and Risk's opinion and scope of work cannot be limited or affected by her functional line management position within the Council.

INTERNAL AUDIT'S RESPONSIBILITIES

26. In maintaining internal audit activity, the chief audit executive takes account of the mandatory elements of the PSIAS:
- Core Principles for the Professional Practice of Internal Auditing
 - Code of Ethics
 - Standards
 - Definition of Internal Auditing.
27. All members of the internal audit team are required to comply with the PSIAS, including its Code of Ethics. In addition, all auditors sign an annual declaration stating that we will respect the confidentiality of information we access during our work, declare any interests we may have in any services that we review, and have read the PSIAS, Code of Ethics and Council's Code of Conduct for Officers.
28. All internal auditors must:
- work with others to promote and demonstrate the benefits of good governance throughout the Council
 - promote the highest standards and ethics across the Council based on integrity, objectivity, competence and confidentiality
 - exercise sound judgement in identifying weaknesses in the Council's control environment and provide a balanced view on how significant these are
 - be committed to continuous improvement
 - demonstrate integrity
 - report on what is found, without fear or favour
 - give clear, professional and objective advice
 - hold an appropriate qualification and have an active programme for personal professional development.
29. In addition, the Head of Audit and Risk must:
- be a senior manager with regular and open engagement across the Council particularly with senior management and the Audit and Governance Committee
 - be suitably qualified and experienced
 - give assurance on the control environment, including risk and information management and internal controls across the Council
 - produce an evidence-based annual internal audit opinion on the Council's control environment, reflecting the work done during the year and summarising the main outcomes and conclusions, highlighting any specific concerns
 - liaise closely with the Council's external regulators to share knowledge and use audit resources most effectively
 - determine the resources, expertise, qualifications and systems for the internal audit service that are required to meet its objectives and provide an annual audit opinion.
30. The chief audit executive also takes account of the CIPFA Statement on the Head of Internal Audit (2019), which sets out individual and organisational responsibilities, and represents best practice guidance to support internal audit effectiveness.

REPORTING

Internal Audit Strategy

31. The Head of Audit and Risk prepares the internal audit strategy in consultation with the Director of Function (Resources) and Section 151 Officer, and senior management. The Senior Leadership Team regularly reviews internal audit priorities.
32. The Head of Audit and Risk presents the strategy annually to the Governance and Audit Committee for approval and provides in-year revisions to the Committee as part of the update report presented at each meeting.

Annual Opinion

33. The Head of Audit and Risk provides the Council with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements in support of the Annual Governance Statement.
34. In giving the opinion, it should be noted that assurance can never be absolute; the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes. The Head of Audit and Risk provides the annual opinion in the Annual Internal Audit Report after the year-end.

Assignment Reporting

35. The Internal Audit Service is fully committed to the Council's Welsh Language policy. Reporting is bilingual and the team includes bilingual staff who can undertake reviews in the language of choice of those assisting with reviews.
36. All audit reviews are the subject of formal reports. Debrief meetings are held with the managers responsible for the area under review to agree the factual accuracy of the issues and risks raised.
37. After agreement, we issue draft reports to the relevant manager who records the action that will be taken to address the issues / risks raised and the officers assigned responsibility to implement along with timescales for implementation. Once the action plan has been fully completed and agreed with the auditor, we issue a final report.
38. The Head of Audit and Risk provides a copy of every report to the Director of Resources and Section 151 Officer, members of the Governance and Audit Committee and the relevant Portfolio Holder. The Head of Audit and Risk presents a summary of each report to the Governance Audit and Committee at each meeting.
39. Members of the Governance and Audit Committee and the Portfolio Holder will also receive copies of any associated agreed action plans where reports have received a 'Limited' or 'No' assurance rating.

Assurance Rating

40. We provide an opinion on the overall level of assurance for each individual internal audit assignment. In reaching a conclusion, we use the following definitions, which the Governance and Audit Committee approved at its meeting in April 2019:

Level of Assurance	Definition
Substantial Assurance	<p>Arrangements for governance, risk management and internal control are good.</p> <p>We found no significant or material Risks/Issues.</p>
Reasonable Assurance	<p>Arrangements for governance, risk management and/or internal control are reasonable.</p> <p>There are minor weaknesses in the management of risks and/or controls but there are no risks to the achievement of objectives. Management and Heads of Service can address.</p>
Limited Assurance	<p>Arrangements for governance, risk management and internal control are limited.</p> <p>There are significant weaknesses in the management of risks and/or controls that put the achievement of objectives at risk. Heads of Service need to resolve and SLT may need to be informed.</p>
No Assurance	<p>Arrangements for governance, risk management and internal control are significantly flawed.</p> <p>There are fundamental weaknesses in the management of risks and/or controls that will lead to a failure to achieve objectives. The immediate attention of SLT is required, with possible Executive intervention.</p>

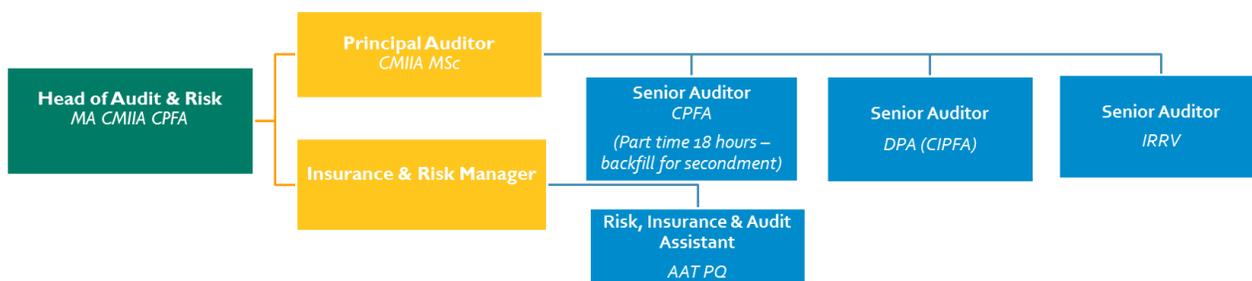
INTERNAL AUDIT'S ROLE IN FRAUD-RELATED WORK

41. Internal audit is not responsible for managing the risk of fraud - this lies with the Council's senior management.
42. The Council's policy for the Prevention of Fraud and Corruption requires managers to inform the Head of Audit and Risk of all suspected or detected fraud, corruption or impropriety, to inform her opinion on the internal control environment and internal audit's work programme, as well as to allow her to ensure the Council takes appropriate action.
43. Although internal audit carries out proactive projects to identify potential fraud, bribery and / or corruption and can carry out special investigations into alleged irregularities, the Head of Audit and Risk retains the right to decide on an appropriate course of action, which may mean a joint investigation or investigation by the service. However, management should send the outcome of all investigation activities to the Head of Audit and Risk for inclusion in the Internal Audit Annual Counter Fraud, Bribery and Corruption Report.
44. Where it is thought necessary, the external auditor may conduct investigations, either in liaison with internal audit or independently.

INTERNAL AUDIT RESOURCES

45. We have a well-qualified and experienced team, with a mix of relevant qualifications to reflect the varied functions of the internal audit service.

Internal Audit and Risk Management (December 2021)



46. The Governance and Audit Committee annually reviews the resources of the internal audit service through the acceptance of the internal audit strategy and updates on its priorities.
47. Where particular specialisms are not present, the Head of Audit and Risk will source these from outside the Council where resources are available.
48. The Standards require that internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. The Head of Audit and Risk carries out a regular review of the development and training needs of all auditors through ongoing one-to-one supervision and annual appraisals.

SAFEGUARDS TO LIMIT IMPAIRMENTS OF INDEPENDENCE OR OBJECTIVITY

49. To be effective, internal audit must be independent and be seen to be independent. To ensure this, internal audit will operate within a framework that allows:
- unrestricted access to senior management and the chair of the Governance and Audit Committee
 - reporting in its own name
 - segregation from line operations.
50. Every effort will be made to preserve objectivity by controlling the involvement of audit staff in non-audit duties in order to avoid potential conflicts of interest, specific exceptions are however acceptable in respect of participation in service improvement projects, where a 'critical friend' role will be held.
51. In addition, appropriate arrangements are in place to limit the impairment of independence and objectivity due to the Head of Audit and Risk's line management of the Risk Management and Insurance service. The Head of Audit and Risk will not scope or review internal audit activity relating to this service area. The Director of Function (Resources) and Section 151 Officer will sign off reports.

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ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	09 December 2021
Pwnc: Subject:	Updated Forward Work Programme 2021-22
Pennaeth Gwasanaeth: Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: 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, and some minor amendments at its meeting of 20 July, and 21 September 2021.
2. Further amendments have been made since to take account of management requests due to workload or other factors, and the inclusion of the additional special meeting in the calendar to consider the finalised Statement of Accounts and Annual Governance Statement. 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 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Wednesday 20/10/21	Monday 15/11/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Accountability arrangements (3.4.8.3)	Annual Chair's Report 2020-21 (3.4.8.3.1) 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) Annual Review of Committee's Terms of Reference
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)	Final Annual Governance Statement (3.4.8.4.1/2/3)	Local Code of Governance (3.4.8.4.1/3)	Annual Report of the Partnerships and Regeneration Scrutiny Committee (3.4.8.4.4)	
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)	

Appendix A – Updated Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Wednesday 20/10/21	Monday 15/11/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Assurance Framework (3.4.8.7) Risk Management (3.4.8.8)							Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1) Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1) Corporate Risk Register (3.4.8.7.1/2) (3.4.8.8.1)	
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)			Counter Fraud Strategy (3.4.8.9.2/3)		
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) Outstanding Issues/Risks (3.4.8.10.11)			Review of Internal Audit Charter (3.4.8.10.3/13) 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) 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) Outstanding Issues/Risks (3.4.8.10.11)

Appendix A – Updated Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Wednesday 20/10/21	Monday 15/11/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
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)	Final Statement of Accounts 2020-21 (3.4.8.12.1/2)			
Other regulators and inspectors (3.4.8.13)			Annual Health & Safety Report (3.4.8.13.1)	Annual Information Governance Report 2020-21 (3.4.8.13.1) Annual Policy Acceptance Report 2020-21 (3.4.8.13.1)			Annual Information Governance in Schools Report 2020-21 (3.4.8.13.1) Annual Insurance Report 2020-21 (3.4.8.13.1) Annual ICT Security Report 2020-21 (3.4.8.13.1)	Annual Insurance Report 2020-21 (3.4.8.13.1) Annual ICT Security Report 2020-21 (3.4.8.13.1)	

Appendix A – Updated Forward Work Programme 2021-22

Core Function	Tuesday 25/05/21	Wednesday 23/06/21	Tuesday 20/07/21	Tuesday 21/09/21	Wednesday 20/10/21	Monday 15/11/21	Thursday 09/12/21	Tuesday 08/02/22	Tuesday 19/04/22
Complaints Handling (3.4.8.14)				Annual Comments, Complaints & Whistleblowing Report 2020-21 (3.4.8.14.1/2)					
Panel Performance (3.4.8.15) ¹									

¹ Will be submitted next year in line with the requirements of the new legislation.

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