

Public Document Pack



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mr Dylan J. Williams
Prif Weithredwr – Chief Executive
CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
Swyddfeydd y Cyngor - Council Offices
LLANGFNI
Ynys Môn - Anglesey
LL77 7TW

Ffôn / tel (01248) 752500
Ffacs / fax (01248) 750839

RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD MAWRTH, 7 CHWEFROR am 2:00 y. p.	TUESDAY, 7 FEBRUARY 2023 at 2.00 pm
YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL DRWY ZOOM	COMMITTEE ROOM 1, COUNCIL OFFICES AND VIRTUALLY VIA ZOOM
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Geraint Bebb, Neville Evans, Dyfed Wyn Jones, Euryrn Morris (*Deputy Chair*),
Margaret M. Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Dafydd Roberts

LLAFUR CYMRU/WELSH LABOUR

Keith Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Liz Wood

AELODAU LLEYG / LAY MEMBERS

Dilwyn Evans (*Chair*), William Parry, Sharon Warnes, Michael Wilson

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

A G E N D A

1 DECLARATION OF INTEREST

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

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 6)

To present the minutes of the previous meeting of the Governance and Audit Committee held on 18 January, 2023.

3 ANNUAL INFORMATION GOVERNANCE IN SCHOOLS REPORT 2021/22 (Pages 7 - 38)

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

4 TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24 (Pages 39 - 78)

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

5 REVIEW OF THE GOVERNANCE AND AUDIT COMMITTEE'S TERMS OF REFERENCE (Pages 79 - 88)

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

6 REVIEW OF FORWARD WORK PROGRAMME (Pages 89 - 94)

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

7 INTERNAL AUDIT UPDATE (Pages 95 - 106)

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

8 EXCLUSION OF THE PRESS AND PUBLIC (Pages 107 - 108)

To consider adopting the following:-

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

9 STRATEGIC RISK REGISTER (Pages 109 - 138)

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

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the hybrid meeting held on 18 January, 2023

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Euryrn Morris (Vice-Chair)
- Councillors Geraint Bebb, Neville Evans, Dyfed Wyn Jones, Dafydd Roberts, Keith Roberts, Margaret M. Roberts, Liz Wood.
- Lay Member: Sharon Warnes
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Head of Audit and Risk
Committee Officer (ATH)
- APOLOGIES:** Mrs Carys Edwards (Head of Profession (HR) and Transformation), Mr Gethin Morgan (Programme, Business Planning and Performance Manager)
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance, Corporate Business and Customer Service), Yvonne Thomas (Financial Audit Manager – Audit Wales), Bethan H. Owen (Accountancy Services Manager) Claire Klimaszewski (Finance Manager), Nanette Williams (Principal Auditor), Andrew Lewis (Senior Auditor), Sarah Jones (Trainee Accountant)
-

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 8 December, 2022 were presented and were confirmed as correct.

3. STATEMENT OF THE ACCOUNTS 2021/22 AND ISA 260 REPORT

- The report of the Director of Function (Resources)/Section 151 Officer incorporating the Final Statement of the Accounts for 2021/22 following audit was presented for the Committee's consideration.

The Director of Function (Resources)/Section 151 Officer reported that the statutory deadline for the completion of the audited accounts for the 2021/22 financial year was again extended to 30 November, 2021 to accommodate the working conditions in relation to the Coronavirus pandemic. This was extended further to 31 January, 2023 due to two significant technical issues which affected all Welsh and English councils, the first being to allow additional valuations of each of the Council's assets which have not been revalued as at 31 March, 2022 and might have materially changed in value, and the second was in relation to the valuation and accounting treatment of infrastructure assets such as highways, street furniture, street lighting and pathways. He welcomed the

External Auditors' conclusion that the accounts had been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2021/22; that there were no misstatements that remain uncorrected and that it was the Auditors' intention to issue an unqualified opinion on the 2021/22 accounts. The audit testing did however identify some changes needed and some errors which the External Auditors recommended were amended to ensure the accounts are materially correct. A summary of the corrections made is set out in Appendix 3 of the Auditors' ISA 260 report; in addition some other minor changes have been made since the draft statement was presented to the Committee in July, 2022 including the removal of some of the explanatory notes that were not deemed to add value to the accounts in line with a previous recommendation made by the auditors about streamlining the contents. Other changes and matters to note include the following -

- With regard to the Comprehensive Income and Expenditure Statement following the auditors' recommendation that the Penhesgyn Landfill Site provision be reduced by £228k in line with the consultant's report which evaluated the site and recommended a provision of £4.411m rather than £4.639m, and also as a result of the revaluation of assets. The reduced provision for the Penhesgyn Landfill site also increases the Council fund revenue outturn for 2021/22 to £5.026m and increases the Council Fund general reserve to £12.278m. This is not reported by the auditors in the ISA 260 report as it is not a significant value.
- With regard to the Balance Sheet as a result of the revaluation of the Council's assets which were at risk of being materially undervalued due to significant cost increases and increases in the market value of properties not revalued as at 31 March 2022. The updated valuations have resulted in an increase of £24.6m in the value of the Council's assets from the draft statement to the final accounts.
- The changes to the figures in the CIES and the Balance Sheet noted above also impacted on other statements and notes in the accounts including the Cash flow Statement but by way of process rather than the actual cash levels held by the Council at the end of the year, as well as Note 13a - Non-Current Assets, Property, Plant and Equipment.
- No post Balance Sheet events were recorded in the period between 31 March, 2022 and 26 January, 2023 when the final Statement of the Accounts was signed.
- Note 7 – Earmarked Reserves has been redesigned in the interests of clarity
- Note 18 – Debtors where the format has changed to better summarise the results along with an adjustment referred to in Appendix 3 of the Auditors' report.
- Note 20 – Creditors has been condensed in agreement with the Auditors.
- Note 21 – Provisions has been adjusted following the reduction in the provision for the Penhesgyn Landfill site.
- Notes 22-24 – Cash Flow from Operating Activities, Investing Activities and Financing Activities have been adjusted to reflect changes in figures
- Note 27 - Officers Remuneration amended to reflect additional staff disclosed as required by the regulations
- Note 30 – Grants Income amended to reflect a change in the treatment of the North Wales Economic Ambition grant
- Note 38 – Agency Arrangements includes an additional table to reflect grants paid by the Council to business and individuals on behalf of Welsh Government.

The Director of Function (Resources)/Section 151 Officer took this opportunity to thank the Accountancy Services Manager and her team for their work on preparing and

completing the accounts and he extended those thanks also to Audit Wales for their approach to the audit process.

- The report of the Head of Profession (HR) and Transformation incorporating the Annual Governance Statement for 2021/22 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 July, 2022) seeks to provide assurance that the Council had in place during 2021/22 appropriate arrangements for conducting its business according to the law and proper standards and that it properly accounted for public money and how it was spent. The Annual Governance Statement will form part of the final 2021/22 Statement of the Accounts.

The Head of Audit and Risk confirmed that there were no material changes to the Annual Governance Statement from the draft version apart from a formatting change to the cover page. The Statement draws on evidence from various sources and highlights governance matters that will be addressed in 2022/23.

Having reviewed the draft Annual Governance Statement at its meeting in July 2022, the Committee made the following further recommendations/observations for future iterations of the Statement –

- For the annual review of the effectiveness of the Council's Governance Statement against the core principles of the CIPFA Framework for Delivering Good Governance in Local Government, that evidence be provided in the "Conclusion" segment to support and illustrate the overall assessment of performance against each principle for the benefit and understanding of the public readership.
- That if the governance issues identified for action in 2022/23 are successfully implemented, it may not be unreasonable to expect the overall assessment of performance against each or some of the principles to be upgraded as appropriate.
- The report of External Audit on the audit of the Financial Statements for 2021/22 (ISA 260 report) was presented for the Committee's consideration.

Ms Yvonne Thomas, Audit Wales Financial Audit Manager reported on the main findings from the audit of the Council's accounts for the 2021/22 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 2021/22 audit the level of materiality was set at £2.845m. A lower materiality level was set for related party transactions (for individuals) (£10,000) and for Senior Officer Remuneration (£1,000).
- That the audit is now substantially complete subject to a final review of the amendment made to the accounts; while no significant issues have arisen the audit of accounts report will be updated for the meeting of the Full Council to confirm the completion of the audit and/or to reflect any other matter arising.
- 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, 2022 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 and include the national issues which impacted this year's audit timetable.
- 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 no such matters to report for this year's audit.
- That the 2020/21 Audit of Accounts report highlighted issues in relation to streamlining the accounts and the quality of the draft accounts and working papers; these matters were also included as a risk within External Audit's Audit Plan for 2021/22. The review of the draft accounts presented for audit identified that considerable improvements have been made in these areas. However, there are some areas where further improvements can be made and the auditors will continue to work with the Council to further develop these for the 2022/23 accounts.
- That a post project learning exercise with key staff to discuss those potential improvements will be held.

To conclude, Ms Yvonne Thomas thanked the Council's Accountancy Services team for their co-operation and assistance with this year's audit process.

The Director of Function (Resources)/Section 151 Officer and Audit Wales's Financial Audit Manager responded to points raised by the Committee with regard to the final Statement of the Accounts and Audit of Accounts report as follows –

- Confirmed that the accounts are still being reviewed and that any grammatical and formatting errors and/or inconsistencies in the Welsh or English versions will be corrected for the Full Council meeting.
- Clarified that the provision for the Penhesgyn waste site is for the aftercare of the areas of the site formerly used for landfill including the maintenance of a culvert pipe under the site. The culvert is inspected annually by the Council's Waste Management Service which provides an assessment of the remedial costs should the culvert be damaged or fail in any way which is then fed into the accounts. The consultant's report is used to determine the level of provision within the accounts.
- Confirmed that the result of the revaluation of assets was an increase of approximately £24.6m in the value of the Council's assets due largely to the increase in value of council dwellings.
- Confirmed that the reduction in the Highways Service revenue costs in the final accounts is as a result of the reduction in the level of provision for the Penhesgyn Waste Landfill site as any increase or decrease in provision is charged to the revenue account. The decrease in the Penhesgyn provision resulted in the amount charged to the revenue account being reduced which affected the Highways, Waste and Property line in the accounts.
- Further clarified the misstatements/adjustments in Appendix 3 to the Audit of Accounts report as capable of being categorised into revaluation and/or reclassification of assets issues and under/over provisions which altogether do not significantly affect the Council's General Fund balance.
- Confirmed that the potential for making further improvements to the accounts relates to tailoring the working papers to the auditors' needs; as this is only the second year whereby the audit of the Council's accounts has been undertaken by Audit Wales, it is

expected that as the relationship develops both parties will come to better understand the other's practices and approach.

The Chair closed the discussion by thanking the Finance Service and Audit Wales for the work undertaken during the closure of accounts and audit processes.

It was resolved –

- **To recommend to the County Council that it confirms acceptance of the 2021/22 Final Statement of the Accounts as presented in Appendix 1 to the report of the Director of Function (Resources)/Section 151 Officer.**
- **To approve the Annual Governance Statement that will form part of the 2021/22 Statement of the Accounts.**
- **To note External Audit's ISA 260 Report on the Financial Statements for 2021/22.**

**Mr Dilwyn Evans
Chair**

DRAFT

This page is intentionally left blank

CYNGOR SIR YNYS MÔN / ISLE OF ANGLESEY COUNTY COUNCIL	
Meeting:	Audit & Governance Committee
Date:	7 February 2023
Title of Report:	Anglesey Schools Annual Information Governance Assurance Report- January 2023
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.llyw.cymru
Contact Officer:	Elin Williams, Schools Data Protection Officer Ext: 1833, dpoysgolionmon@ynysmon.llyw.cymru

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 November 2021 to January 2023 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 (November 2021) and provides details regarding the content of and what has been achieved under the *Schools Data Protection Development Strategy 2021-2022*.

The report also provides details of what is contained within the *Schools Data Protection Development Strategy 2022-2023*.

Schools Data Protection Officer Statement

Since the last report, issued in November 2021, significant progress has been made in ensuring that schools have the necessary policies and procedures in place to be compliant with requirements under data protection legislation. Schools have formally adopted the majority of policies and are in the process of adopting the final policies package.

Schools now need to ensure that they are monitoring and can evidence their compliance with all data protection policies. This will support schools to ensure that they are taking necessary actions that reduce data protection risks and support schools to evidence their accountability and compliance.

The day-to-day information management **practices** within the schools have continued to improve. More school staff have received data protection training over the past year, and this has supported schools to improve their practices. More school governors have also received training or have been audience to data protection presentation which has also improved their understanding of the school's obligations under data protection legislation.

Work still needs to be completed to ensure that data protection risks are effectively managed and that appropriate agreements are in place with data processors.

Schools now show that they understand their responsibilities and implications as the data controller and the legal expectations that come as a result. Schools demonstrate that they have a better understanding of their data protection obligations and have been giving more priority to ensuring that actions are taken to comply with requirements under data protection legislation.

Schools Data Protection Officer Assurance Assessment (January 2023)	Reasonable Assurance
<p>Significant progress has been made in terms of adopting key data protection policies and practices have continued to improve with staff and governors having better knowledge of data protection obligations via training sessions and presentations. Further work needs to be undertaken to ensure that all schools are on the same level of compliance and to continue making sure that schools have all the required Data Protection Agreements and Data Protection Impact Assessments.</p>	

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**

January 2023

Contents	Page
1. Introduction	3
2. Conclusions and Actions Identified from November 2021 Report	4
2.1. Conclusions Identified from the November 2021 Report	4
2.2. Actions Identified from November 2021 Report	5
2.2.1. Policies, Guidance, Documents and Templates Shared with Schools	13
2.2.2. Data Protection Training	15
2.2.2.1. Data Protection Training Delivered by the Schools Data Protection Officer	15
3. Schools Data Protection Development Strategy	16
3.1. Schools Data Protection Development Strategy 2021-2022	16
3.1.1. Using the School Management Review (SMR) as a Monitoring Tool	16
3.1.2. Mapping Data Processors	16
3.1.3. Mapping the Data Flows between the Schools and the Council	17
3.1.4. Service Level Agreement for the Schools Data Protection Officer Service	17
3.1.5. Termly Schools Data Protection Up-Date and Newsletter	17
3.1.6. External Support for the Schools Data Protection Officer	18
3.1.7. Data Protection Audit	18
3.1.8. Schools Data Protection Operational Group	18
4. Number of Data Breaches, Data Subject Access Requests and Data Protection Complaints	19
5. Secondary Schools Cyber Incident	19
6. Schools Data Protection Officer Statement- January 2023	20
7. Conclusions and Next Steps	21
APPENDIX A- Anglesey Schools Data Protection Development Strategy 2021-2022 (V4)	23
APPENDIX B- Anglesey Schools Data Protection Development Strategy 2022-2023 (V1)	26

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 (November 2021) and provides details regarding the content of and what has been achieved under the *Schools Data Protection Development Strategy 2021-2022*.

The report also provides details of what is contained within the *Schools Data Protection Development Strategy 2022-2023*.

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

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 November 2021 Report

2.1. Conclusions Identified from the November 2021 Report

The following were the conclusions identified in the November 2021 Report:

- Due to the Covid 19 pandemic, schools have not been able 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.

2.2. Actions Identified from November 2021 Report

The Schools Data Protection Officer had identified in 2021 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.

It was agreed that the Schools Data Protection Officer will prepare an annual data protection report going forward. The Learning Service Senior Management Team confirmed that reports should include:

- the number of reported breaches,
- the number of data subject access 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.

The above is included within the report.

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	Actions from November 2021 Report	Progress to date against identified actions (up until January 2023)	Further work to be undertaken
1	<p>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.</p>	<p>Further progress has been made in terms of adopting key data protection policies, with schools having received the last new policies package. No new data protection policies will be created from this point unless there are any changes to legislation or guidance from the ICO.</p> <p>All policies have been formally approved by the Learning Service Senior Management Team and feedback and comments have been provided by the Schools Data Protection Operational Group before sharing with schools to formally adopt. Cwmni Celyn has also provided independent comments on the policies during the development stage, with input also provided by Human Resources and IT Service where applicable.</p> <p>All policies and documents shared are available on the data protection page on the Learning Service microsite, where all policies, guidance and documents are available for schools to download and use.</p>	<p>Schools now need to focus on monitoring and evidencing their compliance with all individual data protection policies.</p> <p>The SDPO has developed a <i>Data Protection Policies Checklist</i> for schools to use to check that they have undertaken the actions required to comply with each individual data protection policy.</p> <p>The SDPO will be monitoring compliance during the annual audit visit and via the Schools Management Review system.</p>

		<p>Schools are required to confirm on the Schools Management Review system that they have adopted the data protection policies.</p> <p>All schools have adopted the statutory policy- <i>Schools Data Protection Policy</i> which is a policy that the schools are required to have in place.</p>	
2	<p>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.</p>	<p>Schools have adopted the <i>Schools Data Breach Policy</i> and <i>Schools Data Subject Access Request Policy</i>. Accompanying training sessions have been held with Headteachers to explain the contents of the policies and documents.</p> <p>Schools are aware that they can contact the SDPO for advice and guidance. The SDPO has been supporting schools to respond to data subject access requests by supporting with redacting information where required.</p> <p>The school staff data protection training includes guidance on what to do when a data breach occurs which has increased knowledge of staff of the process so that they can effectively handle breaches. Schools are required to report any data breach</p>	<p>Schools have the governance framework in place to deal with data breaches and data subject access requests and are aware that the SDPO can support and provide guidance if a data breach occurs and if a data subject access request is received.</p>

		incidents to the SDPO to assess whether they reach the threshold that requires reporting to the ICO.	
3	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.	<p>Schools have adopted the <i>Schools Data Protection Impact Assessment (DPIA) Policy</i> which includes a risk matrix. Accompanying training sessions have been held with Headteachers to explain the contents of the policy.</p> <p>The process of creating specific DPIAs has begun with a draft CCTV DPIA being developed.</p>	<p>More work needs to be completed to ensure that data protection risks are effectively managed, and that Data Protection Impact Assessments are completed for high-risk processing activities.</p> <p>A library of general DPIA templates for schools for the main process and programmes to adapt for their individual needs to be completed and shared.</p>
4	Work needs to be completed in ensuring that appropriate data protection agreements are in place with data processors.	<p>Significant progress has been made in ensuring that appropriate data protection agreements are in place with data processors.</p> <p>Schools have adopted the <i>Schools Data Processing Policy</i>.</p> <p>The mapping work around which systems, programmes, and apps that each individual school use has been completed. This has provided information if schools already have</p>	<p>All assessments on the main systems, programmes and apps need to be completed and shared with schools to use to show that due diligence has been carried out and that they are aware of any risks associated with systems, programmes, apps, and data processors used.</p> <p>Work needs to be completed on creating DPAs for specific processing (where</p>

		<p>appropriate data protection agreements in place.</p> <p>Most assessments have been completed on current Data Processing Agreements to ensure that they reach expectations of the schools at Data Controllers.</p> <p>DPA's have been agreed and signed for some specific programmes.</p>	<p>agreements do not already exist) and a package of agreements will be shared with schools to sign.</p>
5	<p>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.</p>	<p>The Schools Data Protection Officer has updated the <i>Schools Data Protection Training Plan</i>.</p> <p>A significant number of training and awareness raising sessions have been held with Headteachers, school staff and governing bodies around data protection issues relating to job roles and responsibilities. Most school staff have now received basic data protection training.</p> <p>The previous plan could not be fully implemented due to schools dealing with Covid priorities, but significant progress has been made during the last period with providing training to school staff. This has been delivered on-line and in person.</p>	<p>To ensure that all school staff in every school has received basic data protection training and to continue providing data protection training on an annual basis to all.</p> <p>To ensure that all governing bodies have received the data protection awareness presentation.</p> <p>To continue to encourage schools to ensure that all staff complete the on-line training modules.</p> <p>Training will be provided on an on-going basis to ensure that staff are reminded of</p>

		<p>The SDPO has prompted schools to ensure that all staff have completed the online training.</p> <p>The <i>Schools Governing Body Data Protection Guidance</i> has been shared with schools that provides guidance for school governors.</p>	<p>their data protection obligations.</p>
6	<p>There is a need to ensure that schools have a <i>ROPA</i> (including data flow maps) and an Information Asset Register in a place that are kept up to date.</p>	<p>The mapping work around which systems, programmes, and apps that each individual school use has been completed.</p> <p>The information gathered from the mapping has been used to create a pre-populated <i>ROPA</i> and Information Asset Register template for schools to adapt for their individual needs.</p>	<p>To finish developing a pre-populated <i>ROPA</i> and Information Asset Register template for the primary and secondary schools and to share with schools.</p> <p>To hold meetings with individual schools to amend the template to create a unique <i>ROPA</i> and Information Asset Register for their school.</p>
7	<p>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.</p>	<p>The Schools Data Protection Officer has completed a piece of work that involved creating Privacy Notices templates for schools to adapt and adopt.</p> <p>The following Privacy Notice templates have been adopted by most schools:</p>	<p>The SDPO to continue to encourage all schools to ensure that they have the latest versions of the required Privacy Notices in place, including providing a link to them on their websites (if applicable).</p> <p>The SDPO will be monitoring compliance during the annual</p>

		<ul style="list-style-type: none"> • General Privacy Notice for Primary Schools; • General Privacy Notice for Secondary Schools; • Children & Young People Version of the General Privacy Notice; • School Workforce Privacy Notice. <p>Schools have been confirming that they have formally adopted the Privacy Notices through the Schools Management Review system.</p> <p>The SDPO has ensured that the revised consent forms include a summary of the Privacy Notice.</p>	<p>audit visit and via the Schools Management Review system.</p> <p>The SDPO to continue to ensure that any new or revised data collection forms include a summary of the Privacy Notice.</p>
8	Work needs to be completed around the use of consent including reviewing the current forms.	<p>The current consent form (for taking and publishing photographs, images, and film) has been reviewed and an accompanying leaflet explaining UK GDPR consent to pupils and parents has been developed (<i>Taking and Using Photographs or Videos of Your Child at School: Your Rights Leaflet</i>).</p> <p><i>A Taking Photos for the Purpose of School Publicity Policy and School Staff Social Media Policy</i> have also been developed and shared with schools to adopt which provides guidance on consent and publishing personal data.</p>	As schools have only recently received the up-dated consent form and the accompanying leaflet and policies, the SDPO needs to monitor the implantation of these documents.

9	<p>Work needs to be completed around access to information and disposing of old documents within schools.</p>	<p>The <i>Schools Retention Periods Document</i> has been reviewed and an up-dated version has been shared with schools to follow.</p> <p>Schools have also adopted the '<i>Transferring School Records to the Anglesey Archives Policy</i>' which provides guidance of when to transfer documents to the Anglesey Archives. The Archives service has been providing guidance to some schools whilst reviewing historical documents.</p> <p>Access to information practices have improved (this is an element that is inspected during the SDPO audit visit). There are now tighter access controls in schools in general with access provided to those who need it. Access to information has formed part of moving school servers on to HWB and this has contributed to the improvement.</p>	<p>Some schools need to review the historical documents that they are retaining and ensure that they follow the guidance within the <i>Schools Retention Periods Document</i>. The SDPO will be supporting some schools with this task.</p> <p>Further work needs to be undertaken to ensure that all schools have robust access controls to both electronic and physical information.</p>
10	<p>The Schools Data Protection Officer needs to undertake an audit visit to all schools to monitor compliance with data protection obligations.</p>	<p>The SDPO has undertaken an audit visit to all 45 schools between March and November 2022.</p> <p>Each school has received a report following on from the visit detailing progress within different areas and an overall risk score has been provided.</p>	<p>A data protection audit will be held with each individual school on an annual basis to monitor progress and to provide an independent overview to schools on areas that need to be developed further.</p>

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

One of the main focuses of the Schools Data Protection Development Strategy has been to ensure that all schools have key policies and documents in place to support schools in ensuring compliance with data protection legislation.

As it is essential that core policies and documents are adopted by the schools to demonstrate accountability.

The Schools Data Protection Officer has created and has shared the following policies, guidance, documents, and templates for schools to adopt and to use within this period:

Policy, Guidance, Key Documents	Shared with the Schools by the Schools Data Protection Officer
Schools Data Protection Impact Assessment Package: <ul style="list-style-type: none"> • Schools Data Protection Impact Assessment Policy • Risk Register Template • Risk Matrix 	April 2022
Schools CCTV System Package: <ul style="list-style-type: none"> • Schools CCTV Policy • CCTV Systems Log 	April 2022
Schools Record Management Policy	April 2022
Schools Data Protection Policy (statutory policy)- version 2	April 2022
Schools E-Safety Policy	December 2023
School Staff E-mail Policy	December 2023
School Staff Social Media Policy	December 2023
Consent Form Package: <ul style="list-style-type: none"> • Schools Data Protection Consent Form (updated) • Taking and Using Photographs or Videos of Your Child at School: Your Rights Leaflet 	December 2023
Taking Photos for the Purpose of School Publicity Policy	December 2023
Schools Retention Periods Document (up-dated)	December 2023

Schools Data Protection Bilingual Glossary, Definitions and Legislation (up-dated)	December 2023
Data Protection Policies Checklist	December 2023

All current versions of policies, guidance, documents, and templates are available to be downloaded from the Data Protection page on the Learning Service Microsite.

Training sessions 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 with the release of each policy package. The training sessions were held in conjunction with sharing the policies and documents so that schools understand 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 with the policies as they have a better understanding of the content.

Schools have now received all policies that are required. Training sessions are in the process of being held via catchment area to go through this final package of policies and key documents.

Policies will be reviewed every two or three years, except for the *Schools Data Protection Policy*, which is reviewed on an annual basis as this is a statutory policy. All schools have adopted this policy.

All Data Protection Policies Shared with Schools	
<ul style="list-style-type: none"> • Schools Data Protection Policy • Schools Data Breach Policy • Schools Information Security Policy 	<ul style="list-style-type: none"> • Procedure for Sharing Information with Police Authorities in the United Kingdom (Gwynedd & Anglesey) • Schools Data Subject Access Request Policy
<ul style="list-style-type: none"> • Schools Data Processing Policy • Transferring School Records to the Anglesey Archives Policy 	<ul style="list-style-type: none"> • Schools Data Protection Impact Assessment Policy • Schools CCTV Policy • Schools Record Management Policy
<ul style="list-style-type: none"> • Schools E-Safety Policy • School Staff E-mail Policy • School Staff Social Media Policy • Taking Photos for the Purpose of School Publicity Policy 	

A Data Protection Policies Checklist document has been developed to support schools to confirm that they have actioned the main requirements within all the data protection policies, which supports schools to demonstrate accountability and that they are compliant with data protection legislation.

A bilingual CCTV sign that notifies data subjects of the legal basis being used to film and the contact details of who is responsible for CCTV in the schools has been developed following the release of the policy. Schools have had an opportunity to purchase signs through the Learning Service.

2.2.2. Data Protection Training

2.2.2.1. 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 November 2021 and January 2023:

Nature of Training	Number of Sessions Held
Data protection training for Headteachers (including induction/re-familiarising and new data protection policies introduction)	14 (09.11.21, 26.11.21, 29.11.21, 01.12.21, 10.12.21, 12.01.22, 05.04.22, 04.05.22, 13.05.22, 18.05.22, 25.05.22, 17.06.22 & 18.01.23 x2)
Data Protection for School Governors (on-line training with school governors who have registered on to the training)	3 (25.11.21, 26.04.22 & 20.10.22)
CCTV Training (delivered by Cwmni Celyn)	2 (17.05.22 & 10.06.22)
Training for School Administrative Staff	3 (18.02.22, 12.05.22 & 27.06.22)
General data protection training for school staff via catchment area	6 (26.11.21, 03.12.21, 11.01.22, 28.02.22, 06.06.22 & 07.11.22)
General data protection training for school staff via individual schools	7 (06.06.22, 13.06.22, 21.06.22, 27.06.22, 05.09.22, 07.11.22 & 15.11.22)
Total	35

There have been significantly more training sessions held during this period with more training sessions held with school staff and there has been more communication with school governing bodies with the Schools Data Protection Officer presenting data protection at meetings.

A data protection presentation has been provided to **20** governing bodies during this period. The presentation highlights the main requirements and expectations on schools regarding data protection obligations.

Several training sessions have continued to be held with Headteachers with many sessions held on a catchment area basis with the release of each policy package.

Delivering more training to school staff and governors was identified as an action in the November 2021 report. This training helps to ensure that everyone within the school structure is aware of their data protection responsibilities, and this has contributed to the general improvement in data protection practices within schools.

Training sessions will be arranged for schools that have yet to arrange training for their school staff and governing body to ensure that all school staff across all schools have received basic data protection training. A *Schools Data Protection Training Plan* has been developed for the 2022-23 school year.

3. Schools Data Protection Development Strategy

3.1. Schools Data Protection Development Strategy 2021-2022

A Schools Data Protection Development Strategy for the school year 2021-22 was developed. The strategy was developed based on the plan for the previous year (please see copy of the plan in APPENDIX A).

This strategy contains the following pieces of work and actions, some of which have already commenced, and some completed. There has been delays with some elements, with completion dates being moved due to the amount of time and resources available:

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

Individual schools have answered the data protection related questions on the School Management Review System to establish a baseline of where they considered themselves to be against the different elements of data protection compliance.

Individual schools also confirm on the SMR that they have formally adopted individual data protection policies. Schools have been doing this as the new policies have been shared.

A dedicated donut has now been developed on the system to make it easier for schools to confirm which data protection policies have been adopted. This has started to be used from November 2022 onwards.

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

3.1.2. Mapping Data Processors

A piece of work mapping out data processors that schools use has been completed. Each individual school has met with the Schools Data Protection Officer or Caryl

Lewis from Cwmni Celyn to confirm which systems, programmes, and apps they are using within the school.

This information has then led to ensuring schools have appropriate Data Processing Agreements or other appropriate data protection agreements in place with providers (data processors).

The Schools Data Protection Officer, with the support of Cwmni Celyn, has completed in-depth assessments on Data Processing Agreements for systems, programmes, and apps that the majority of schools use. This has been undertaken to provide an overall risk assessment for schools regarding the agreements that they currently have in place.

A library of assessments has been created and will be shared imminently with schools via the data protection page on the Learning Service Microsite.

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

Work has continued with mapping out the data flows between the schools and the Council to identify where an agreement is required. A group has been established to look at contracts and processes in place and further work needs to be undertaken to complete this work. This will be kept under review as and when new services and systems are used.

3.1.4. 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 was developed and this was shared with schools to sign in November 2021 following a period of consultation. The Service Level Agreement will be reviewed in March 2024.

3.1.5. Termly Schools Data Protection Up-Date and Newsletter

The Schools Data Protection Officer provides regular up-dates to the Primary and Secondary Schools Forums on data protection matters and progress against the Schools Data Protection Development Strategy.

This also includes sharing a termly newsletter. To date, schools have received 4 newsletters.

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 and is also a member of the Anglesey Digital Champions Forum and the Improving processes and Systems Working Group.

The Schools Data Protection Officer also provides regular up-dates and information relating to data protection via the Learning Service weekly bulletin.

3.1.6. External Support for the Schools Data Protection Officer

External support has continued to be provided by Cwmni Celyn in relation to some of the actions and pieces of work within the strategy.

Cwmni Celyn has provided support with mapping data processors; with mapping the data flows between the schools and the Council and with assessing Data Processing Agreements. Cwmni Celyn has also held two training sessions relating to CCTV requirements and has provided comments and feedback on new data protection policies and documents that have been developed, including reviewing the *Schools Retention Periods Document*.

This work has now been completed and Cwmni Celyn will be contacted to provide support with specific pieces of work as and when needed.

3.1.7. Data Protection Audit

In the period between March 2022 and November 2022, the Schools Data Protection Officer visited each of the 45 individual schools to review data protection compliance and arrangements.

These visits were a follow-up to the initial visits that were held during October 2019 and February 2020.

Each school has received a report following on from the visit detailing progress within different areas and an overall risk score has been provided.

It is evident that progress has been achieved since the first visit. The results of the second audit shows that the majority of schools have now adopted key policies; have the required Privacy Notices in place; have improved the security around storing and accessing personal information both physically and electronically; have provided staff with better knowledge of their data protection obligations via training and have started to ensure that they have suitable agreements in place with data processors. All of this makes schools more data protection compliant and they can better demonstrate their accountability which is a positive improvement.

A data protection audit will be held with each individual school on an annual basis to monitor progress against key requirements and to provide an independent overview to schools on areas that need to be developed further.

Schools are in the process of booking 2023 visits, which will be undertaken between March and June 2023.

3.1.8. Schools Data Protection Operational Group

A Schools Data Protection Operational Group has been established and the first meeting was held in April 2022.

The group is a forum where schools can provide input and feedback on data protection matters and developments. All policies, templates and procedures are shared with the group for comment and feedback before they are confirmed as final versions to be shared and to be adopted by schools.

A representative from each catchment area forms membership of the group, with representatives from both primary and secondary schools. There is also representation from the Local Authority with the Schools Data Protection Officer chairing meetings with the Learning Service Contracts and Services Manager and a representative from Human Resources Service and IT Service being members.

The group is working on specific pieces of work that will support further developments. This group is an important forum so that schools are a part of developments and can provide feedback and input.

4. Number of Data Breaches, Data Subject Access Requests and Data Protection Complaints

The following are the number of data breaches, data subject access requests and data protection complaints by schools that the Schools Data Protection Officer has provided support and guidance to schools to deal with:

	November 2021 – January 2023	July 2020 - October 2021
Number of reported data breaches	9 (with 0 being reportable to the ICO)	12 (with 2 being reportable to the ICO)
Number of data subject access requests	9	10
Number of data protection complaints	2	1

There are fewer reported data breaches in this period than the previous reported period. This can be due to schools having improved their data protection practices as they now have better knowledge and understanding of their obligations due to the audits; policies that have been adopted; training sessions that have been held and in the improvement of security practices around personal data both physically and electronically.

The number of data subject access request and number of data protection complaint support that has been provided to schools are similar in numbers for both reporting periods. Schools continue to ask for the support of the Schools Data Protection Officer with dealing with requests and complaints.

5. Secondary Schools Cyber Incident

It was discovered on the 23rd of June 2021 that a potential cyber-incident had occurred which affected all the five secondary schools on Anglesey- Ysgol Syr

Thomas Jones; Ysgol Uwchradd Bodedern; Ysgol Gyfun Llangefni; Ysgol David Hughes and Ysgol Uwchradd Caergybi.

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 but the findings of the investigation have yet to be received.

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 has now been completed with further work being completed to improve security. Work is being undertaken to enable Multi Factor Authentication (MFA) on HWB accounts of staff to improve security when accessing HWB from home and work is in the process of being undertaken on providing In Tune laptops for schools, again to improve access security.

6. Schools Data Protection Officer Statement- January 2023

Since the last report, issued in November 2021, significant progress has been made in ensuring that schools have the necessary policies and procedures in place to be compliant with requirements under data protection legislation. Schools have formally adopted the majority of policies and are in the process of adopting the final policies package. All schools have adopted the *Schools Data Protection Policy* which is the statutory policy that schools must have in place.

Schools now need to ensure that they are monitoring and can evidence their compliance with all data protection policies. This will support schools to ensure that they are taking necessary actions that reduce data protection risks and support schools to evidence their accountability and compliance.

The day-to-day information management **practices** within the schools have continued to improve. More school staff have received data protection training over the past year, and this has supported schools to improve their practices. More school governors have also received training or have been audience to data protection presentation which has also improved their understanding of the school's obligations under data protection legislation.

Work still needs to be completed to ensure that data protection risks are effectively managed and that appropriate agreements are in place with data processors.

Schools now show that they understand their responsibilities and implications as the data controller and the legal expectations that come as a result. Schools demonstrate that they have a better understanding of their data protection

obligations and have been giving more priority to ensuring that actions are taken to comply with requirements under data protection legislation.

The Service Level Agreement that is in place has formalised the relationship between the Schools Data Protection Officer and schools. This can be seen through schools asking more questions regarding data protection matters and the increase in the number of contacts between schools and the Schools Data Protection Officer for specific advice and guidance.

Schools Data Protection Officer Assurance Assessment (January 2023)	Reasonable Assurance
<p>Significant progress has been made in terms of adopting key data protection policies and practices have continued to improve with staff and governors having better knowledge of data protection obligations via training sessions and presentations. Further work needs to be undertaken to ensure that all schools are on the same level of compliance and to continue making sure that schools have all the required Data Protection Agreements and Data Protection Impact Assessments.</p>	

7. Conclusions and Next Steps

- Despite the Covid 19 pandemic, schools have been able to progress the data protection programme over the past year.
- The day-to-day information management **practices** within the schools have progressed over the last year.
- Further progress has been made in terms of adopting key data protection policies, with the focus now needing to be on schools monitoring and evidencing their compliance with all individual data protection policies going forward.
- Headteachers and school staff have had an input in developments via the Schools Data Protection Operational Group Meeting, including the timelines of actions within the Schools Data Protection Development Strategy and the development of new policies, guidance, and templates.
- Significant progress has been made with upgrading the schools' ICT systems and infrastructure by transferring to the HWB cloud services, with this work having been completed. More work is in the process of being completed to improve the security of systems with MFA being enabled on staff HWB accounts and In Tune laptops being rolled out to schools. This has resulted in making school systems more secure.
- Significant progress has been made in ensuring that appropriate data protection agreements are in place with data processors. The mapping work around which systems, programmes, and apps that schools use has been completed and assessments have been completed on current Data Processing Agreements with a library of the assessments being shared imminently. Work needs to be completed on creating DPIAs for specific processing and a package of agreements will be shared with schools to sign.

- Significant progress has been made around identifying and delivering specific training for school staff, including the governing body with several training sessions being delivered to staff at all levels. This has contributed to ensuring that everyone within the school structure is aware of their data protection responsibilities. Further training sessions need to be held to ensure that staff and governors of every school have received training, this includes delivering training to school staff on the content of the *School Staff Social Media Policy* and *School Staff E-mail Policy*.
- Some progress has been made but further 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.
- Most schools now have suitable and up-to-date Privacy Notices with most schools having shared these with parents and have put the general and children and young people's versions on to the school website.
- The Schools Data Protection Officer has undertaken an audit visit to all schools to monitor compliance with data protection obligations and has provided each school with a report of findings that includes a risk score and actions to be taken.
- The current consent form has been reviewed and an accompanying leaflet explaining UK GDPR consent has been developed.
- Although progress has been made with developing a pre-populated template for schools to adapt for their individual needs, the template needs to be shared so that all schools have an accurate and up to date ROPA and Information Asset Register.
- Some schools need to dispose of historical documents to ensure that there is no information kept past its retention period. The up-dated *Schools Retention Periods Document* has been shared with schools to use.
- A *Business Continuity Plan* and *Disaster Recovery Plan* need to be developed and adopted by schools to ensure that access can still be gained to personal data during an incident or disaster.
- A *Schools Data Protection Development Strategy* has been developed for the 2022-2023 school year to ensure that actions that still need to be completed from the previous strategy are completed and to include new actions that need to be taken (please see APPENDIX B).
- More reporting and monitoring functions need to be put in place to monitor the effectiveness of the Schools Data Protection Officer Service by providing more opportunities for Headteachers and school staff to provide feedback on training sessions and the quality and usefulness of the service, advice and guidance provided under the Service Level Agreement.

APPENDIX A

ANGLESEY SCHOOLS DATA PROTECTION DEVELOPMENT STRATEGY 2021-2022

Version Four

The strategy has been revised with the input of the Schools Data Protection Operational Group to confirm that the new schedule works for the schools (actions that are directly related to schools).

No	Policy, Guidance, Key Documents / Activity	Date of Introduction for Schools to Adopt / Begin the Work	Training / Awareness Raising / Support Available	Target Completion Date*
1	Map the Data Flows between the Schools and the Council Map out the data flows between the schools and the Council to identify where an agreement is required and create a suitable DPA.	September 2021	Map the data flows between schools and the Council and create suitable agreements for any arrangement in place.	Mapping work completed by 24.06.22
2	Review Arrangements with Data Processors Review arrangements between individual schools and Data Processors and complete any required DPA.	September 2021	Review arrangements with Data Processors; complete any required DPA and to assess that agreements by providers meet requirements. Create a library of all DPA documents and other agreements.	The main agreements in place by 27.05.22
3	Share policies and documents to be formally adopted by the Governing Board (Stage 3 Package)	October 2021	All schools to adopt the policies and note adoption on the SMR.	08.04.22 (if not already done so)
4	Data Protection Audit Schools Data Protection Officer to visit each individual school to review data protection compliance and arrangements.	March 2022 - June 2022	Half-day session with each individual school.	SDPO to complete each individual visit to schools by 30.06.22

5	Review the Schools Data Protection Policy <i>(this is reviewed annually)</i>	April 2022	SDPO to hold sessions by catchment area to give training on the contents of the package (this also includes training on 6).	To adopt the revised Schools Data Protection Policy and note adoption on the SMR by 24.06.22
6	Share policies and documents to be formally adopted by the Governing Board (Stage 4 Package)	April 2022	SDPO to hold sessions by catchment area to give training on the contents of the package (this also includes training on 5).	To adopt the policies and note adoption on the SMR by 24.06.22
7	Share Schools Record of Processing Activities Package and Information Asset Register Package	April 2022	SDPO to arrange sessions to complete ROPA and Information Asset Register with schools who require support.	To have a full and up to date ROPA and Information Asset Register and note adoption on the SMR by 27.05.22
8	Complete DPIA Documents Start to complete any DPIAs that need to be completed. Start with individual schools' CCTV systems.	April 2022	Complete any DPIA required by individual schools. Create a library of all DPIA documents to be able to share and adapt them for individual schools.	To have the main DPIA documents in place by 01.07.22
9	School Governors Data Protection Training	April 2022	SDPO to hold a data protection training session with School Governors.	Session held on 26.04.22
10	Share policies and documents to be formally adopted by the Governing Board (Stage 5 Package)	May 2022	SDPO to hold sessions by catchment area to give training on the contents of the package and the consent form package.	To adopt the policies and note adoption on the SMR by 15.07.22
11	Share Consent Form Package	May 2022	SDPO to hold sessions by catchment area to give training on the contents of the package and the Stage 5 Package.	To adopt the new consent forms by 15.07.22 (to use in September 2022)
12	Discuss school data protection matters with the forums and share the schools data protection update newsletter.	May 2022	SDPO to meet with headteachers to share updates and to report on the progress of the Schools Data Protection Plan.	To discuss the plan and share the newsletter with all schools through the forums by 30.05.22

* Schedule to be reviewed termly with the Schools Data Protection Operational Group.

Ongoing work during the school year:

- review arrangements with Data Processors and complete any DPA required and build a library of any DPA agreements;

- complete any DPIA that needs to be completed (focus on CCTV systems as a starting point) and build a library of DPIA documents;
- monitor when schools have adopted policies and monitor the progress of the main elements of data protection through the School Management Review (SMR).

Work undertaken by Cwmni Celyn:

- review arrangements with Data Processors and assess specific DPAs;
- complete specific DPIAs;
- review and up-date the *Schools Retention Schedule* document;
- regular meetings held with Cwmni Celyn to discuss work plan and progress.

APPENDIX B

ANGLESEY SCHOOLS DATA PROTECTION DEVELOPMENT STRATEGY 2022-2023

Version One

No	Policy, Guidance, Key Documents / Activity	Date of Introduction for Schools to Adopt / Begin the Work	Training / Awareness Raising / Support Available	Target Completion Date*
1	Map the Data Flows between the Schools and the Council Map out the data flows between the schools and the Council to identify where an agreement is required and create a suitable DPA.	September 2021	Map the data flows between schools and the Council and create suitable agreements for any arrangement in place.	Mapping work completed by 17.02.23
2	Review Arrangements with Data Processors Review arrangements between individual schools and Data Processors and complete any required DPA.	September 2021	Review arrangements with Data Processors; complete any required DPA and to assess that agreements by providers meet requirements. Create a library of all DPA documents and other agreements.	The <u>main</u> agreements in place by 17.02.23 (this work will be on-going permanently)
3	School Governors Data Protection Training	October 2022	SDPO to hold a data protection training session with School Governors.	Session being held on 20.10.22
4	Share policies to be formally adopted by the Governing Board (Stage 5 Package)	November 2022	SDPO to hold sessions by catchment area to give training on the contents of the package and the consent form package.	To adopt the policies and note adoption on the SMR by 17.02.23
5	Share Consent Form Package	November 2022	SDPO to hold sessions by catchment area to give training on the contents of the package and the Stage 5 Package.	To adopt the new consent forms and note adoption on the SMR by 17.02.23

6	Share Schools Record of Processing Activities Package and Information Asset Register Package	December 2022	SDPO to arrange sessions to complete ROPA and Information Asset Register with schools who require support.	To have a full and up to date ROPA and Information Asset Register and note adoption on the SMR by 31.03.23
7	Review the Schools Data Protection Policy <i>(this is reviewed annually)</i>	December 2022		To adopt the revised Schools Data Protection Policy and note adoption on the SMR by 17.02.23
8	Data Protection presentation in the Induction/Re-familiarise Session for Headteachers	January 2023	SDPO to provide a data protection presentation in the induction/re-familiarise session for Headteachers.	Session being held on the 18.01.23
9	Training on School Staff Social Media Policy and E-mail Policy	January 2023	To hold training sessions with school staff.	Sessions to be held by 06.04.23
10	Complete DPIA Documents To share general DPIA templates for individual schools to adapt. Start with CCTV systems.	January 2023	To share library of all DPIA templates in order to adapt them for individual schools.	Schools to have the <u>main</u> DPIA documents in place by 06.04.23 (this work will be on-going permanently)
11	Create Disaster Recovery and Business Continuity Plan	January 2023	Create plans that school can implement if there is a disaster or incident so that there is business continuity around accessing personal data	To share Disaster Recovery and Business Continuity with school by 06.04.23
12	School Governors Data Protection Training	March 2023	SDPO to hold a data protection training session with School Governors.	Session being held on 16.03.23
13	Data Protection Audit Schools Data Protection Officer to visit each individual school to review data protection compliance and arrangements.	March 2023 - June 2023	Half-day session with each individual school.	SDPO to complete each individual visit to schools by 30.06.23

* Schedule to be reviewed termly with the Schools Data Protection Operational Group.

Ongoing work during the school year:

- review arrangements with Data Processors and complete any DPA required and build a library of assessments of the DPA agreements;
- complete any DPIA that needs to be completed and build a library of DPIA documents;
- monitor when schools have adopted policies and monitor the progress of the main elements of data protection through the School Management Review (SMR).

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE & AUDIT COMMITTEE
DATE:	7 FEBRUARY 2023
SUBJECT:	TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24
LEAD OFFICER:	MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER
CONTACT OFFICER:	JEMMA ROBINSON, SENIOR ACCOUNTANT
Nature and reason for reporting For scrutiny - consistent with professional guidance.	

1. This report is presented to ensure that the Council is implementing best practice in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management. The code recommends that, prior to being presented for adoption, members should scrutinise the Treasury Management Strategy Statement (which includes the Annual Investment Strategy, the annual MRP Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation). This Authority's scheme of delegation charges the Governance & Audit Committee with this function.
2. The CIPFA Code of Practice on Treasury Management (Section 7) recommends that the Authority's Treasury Management Practices (TMPs) should be approved, documented and monitored. It goes on to state that the nature and extent of the involvement of an organisation's responsible body in approving and monitoring its TMPs and accompanying schedules is a matter for local decision, and recognises that in some organisations this may be delegated to the responsible officer. In all cases, it should be subjected to scrutiny by the responsible body following recommendations by the responsible officer. This Authority has produced documented TMPs, and were approved by the Governance & Audit Committee on 11 February 2020.
3. In terms of updates to the Treasury Management Strategy Statement, there has been an amendment to the Minimum Reserve Provision (MRP) policy since the 2022/23 Statement.
4. Under Code of Practice, it is a requirement that the Council prepares a Capital Strategy, which takes a longer-term view as to the capital investment that is required and how that investment will be funded. The Executive will approve this Strategy, along with other budget resolutions. This Treasury Management Strategy sits below the Capital Strategy, and considers the impact of that strategy on the Council's borrowing and investments. It sets out how both strategies will be undertaken in a controlled way, which is in line with a suitable level of risk that the Council wishes to take, bearing in mind the guidance set out in the CIPFA Code of Practice on Treasury Management. Under the revised Code in December 2021, members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within this TMSS report.
5. **Recommendations**
 - To consider the Treasury Management Strategy for 2023/24 and to make recommendations or note comments for consideration by the Executive Committee.

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2023/24

1. INTRODUCTION

- 1.1. CIPFA published the revised codes on 20 December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The Council, therefore, has to have regard to these codes of Practice when it prepares the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy, and also related reports during the financial year, which are taken to full Council for approval.
- 1.2. The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes - Treasury Management, Service Delivery and Commercial return. As this Treasury Management Strategy Statement and Annual Investment Strategy deals with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.
- 1.3. The revised Treasury Management Code will require the Council to implement the following:
 - Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
 - Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
 - Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
 - Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
 - Reporting to members is to be done quarterly. Specifically, the Section 151 Officer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly.
 - Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).

2. BACKGROUND

- 2.1. CIPFA defines treasury management 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.”

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities (see **Appendix 1**).

- 2.2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2.3. 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 that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.4. The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will, in effect, result in a loss to the Council's cash reserves.

3. CIPFA CODE OF PRACTICE ON TREASURY MANAGEMENT

3.1. The CIPFA Code of Practice on Treasury Management requires the Council to prepare and approve the following documents:-

- A Capital Strategy Statement which sets out a high level, long term overview of capital expenditure and financing, along with details on any associated risks and how they will be managed, as well as the implications for future financial sustainability. The aim of this capital strategy is to ensure that all elected Members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- A Treasury Management Strategy which sets out the Council's strategy in terms of borrowing and investment which follows on from the Capital Strategy, sets out the constraints on borrowing, determines a set of prudential indicators and determines the Council's risk appetite and strategy in respect of investments. It essentially covers two areas: capital issues and treasury management issues. These elements cover the requirements of the Local Government Act 2003, Welsh Government Investment Guidance and MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

3.2. The key principles of the CIPFA Treasury Management Code of Practice are set out in **Appendix 2**.

4. EXTERNAL CONTEXT

4.1. Setting the Treasury Management Strategy cannot be undertaken in isolation, and consideration must be given to the economic situation as this has an impact on investment interest rates, the cost of borrowing and the financial strength of counterparties. A full summary of the economic outlook is set out in **Appendix 3**, but the main points to consider are as follows:-

- Bank Rate expected to peak at 4.5% by May 2023.
- Investing in 2023/24, is therefore likely to be conducted, first, in a rising interest rate environment, but also - potentially - a falling interest rate environment at the back-end of the financial year, depending on how quickly inflation falls back and how growth performs.

4.2. Having considered the available information and having considered the advice from the Council's Treasury Management Advisors, the following table sets out the Council's view on interest rate levels for the following 3 years:-

Table 1
Prospects for Interest Rates to December 2025

Annual Average	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
December 2022	3.50	4.20	4.60	4.30
March 2023	4.25	4.20	4.60	4.30
June 2023	4.50	4.20	4.60	4.30
September 2023	4.50	4.10	4.50	4.20
December 2023	4.50	4.00	4.40	4.10
March 2024	4.00	3.90	4.20	3.90
June 2024	3.75	3.80	4.10	3.80
September 2024	3.50	3.60	4.00	3.70
December 2024	3.25	3.50	3.90	3.60
March 2025	3.00	3.40	3.70	3.50
June 2025	2.75	3.30	3.60	3.30
September 2025	2.50	3.20	3.50	3.20
December 2025	2.50	3.10	3.50	3.20

Information provided by Link Group, Treasury Solutions is attached as **Appendix 4**.

- 4.3.** The current forecast, shown above, includes a forecast for Bank Rate to reach 4.5% in Q2 2023. Given the forecast for bank base rates, the suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):-

2023/24: 4.40%;
 2024/25: 3.30%;
 2025/26: 2.60%;
 2026/27: 2.50%;
 Long term later years: 2.80%.

5. THE COUNCIL'S CURRENT POSITION

5.1. Borrowing

5.1.1. The Council's current external borrowing is set out in Table 2 below. A full analysis is attached as **Appendix 5**.

Table 2
Summary of the Council's Current Outstanding Loans

PWLB LOANS							
	PWLB / PWLB Maturity	PWLB EIP/ Annuity	Market Loans	PWLB Variable	Total Maturing		
Loan Outstanding	£119,400	£178k	£0k	£0k	£119,578k		
Average life (years)	30.82	4.06	0.00	0.00	30.78		
Average rate (%)	4.53	9.42	0.00	0.00	4.54		
OTHER LOANS							
	Salix Loan 1	Salix Loan 2	Salix Loan 3	Salix Loan 4	Salix Loan 5	Salix Loan 6	TOTAL
Outstanding Balance	£24k	£137k	£382k	£172k	£1,984k	£400k	£3,099k
Repayment Date	2024/25	2025/26	2028/29	2029/30	2031/32	2035/36	
Interest rate (%)	0.00	0.00	0.00	0.00	0.00	0.00	

5.2. Investments

5.2.1 Any surplus cash is currently invested in short term deposit accounts, call accounts and with other UK local authorities. The balance invested in these accounts changes daily (balance as at 31 December 2022 was £46.2m).

5.2.2 Under the current treasury management strategy, the Council invests surplus cash ensuring, first of all, the security of the deposit, secondly the liquidity of the deposit and, finally, the return on the investment. In practice, in order to ensure the first and second principles, the rate of return on investments is sacrificed, and the current average return on investments is 1.11% (as at 31 December 2022).

6. IMPACT OF FUTURE PLANS ON BORROWING

6.1. Capital expenditure is partly funded from borrowing and the capital programme, as set out in the Capital Strategy, is set out in Table 3 below:-

Table 3
Proposed Capital Expenditure Programme 2023/24 – 2025/26

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Non - HRA	15,110	8,450	4,959
HRA	31,847	34,351	27,659
Commercial Activities / Non Financial Investment	0	0	0
TOTAL EXPENDITURE	46,957	42,801	32,618
Financed By			
Capital Grants	13,352	5,561	5,071
Capital Receipts	500	100	100
General Reserves	0	0	0
HRA Revenue Reserve	6,987	6,391	5,999
Balance Funded from Borrowing	26,118	30,749	21,448

6.2. An important factor to consider is the impact of borrowing on the Council's Capital Financing Requirement (CFR). The CFR is the measure of the Council's underlying borrowing need. Borrowing is not limited to external borrowing from PWLB but also the use of the Council's own cash balances (internal borrowing) which have been used to fund capital expenditure.

6.3. Capital expenditure will increase the CFR but only by the sum that is not funded from grants, capital receipts, reserves or revenue. The CFR will also reduce annually by the sum of the Minimum Revenue Provision (MRP) which is charged to revenue. The level of the CFR is an important measure to ensure that the Council does not commit itself to unaffordable levels of borrowing.

6.4. In order to ensure that the Council has sufficient funds available to repay debt as it falls due, the Council is required to make a charge to the revenue account each year, and this charge is known as the Minimum Revenue Provision (MRP). Regulations require that the Council approves a MRP statement in advance of each financial year. The policy for 2023/24 is set out in **Appendix 6**. The Council's MRP policy was substantially revised in 2018, and again for the financial year beginning 01 April 2022. By making the MRP charge each year, the Council's cash balances are replenished and that, in turn, reduces the level of internal borrowing.

- 6.5. In 2018, the Council revised its MRP policy and adopted the Equal Instalment Asset Life method to calculate its MRP charge for both its supported borrowing and unsupported borrowing. The revised policy from 01 April 2022 adopts an annuity method, following a similar method to a standard repayment mortgage, where the combined repayment sum of principal repayment and interest remains constant and as a result the amount of principal repaid in the early years is low and increases over time. Therefore, under the annuity method the MRP charge is low in the initial years and increases over time.
- 6.6. The Council may choose to pay more MRP in any given year. These overpayments of MRP (which in the Council's case, are to ensure enough cash for loan repayments), can, if needed, be reclaimed in later years. Up until 31 March 2022, the total overpayments were £268k, and related specifically to the Salix loans where the MRP charged to the revenue account has been calculated on the basis of the life of the loan rather than on the life of the asset which was funded by the loan. This ensures that the Council has sufficient cash to repay the loans when they become due for repayment.
- 6.7. The impact of the Council's capital expenditure plans and the MRP charge on the CFR and level of external and internal borrowing is shown in Table 4 below:-

Table 4
Capital Financing Requirement and Borrowing 2022/23 to 2025/26

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Capital Financing Requirement (CFR)				
Opening Balance of CFR	137,804	149,409	173,905	202,669
Capital Expenditure	46,153	46,957	42,801	32,618
External Capital Grants	(18,331)	(13,352)	(5,561)	(5,071)
Capital Receipts	(830)	(500)	(100)	(100)
Revenue Contribution & Reserves	(13,933)	(6,987)	(6,391)	(5,999)
Minimum Revenue Provision	(1,454)	(1,622)	(1,985)	(2,103)
CLOSING BALANCE OF CFR	149,409	173,905	202,669	222,014
External Borrowing				
Opening Balance of External Borrowing	125,348	135,734	159,610	189,713
Borrowing to Fund Capital Expenditure	13,059	26,118	30,749	21,448
Borrowing to Fund Loan Repayments	0	0	0	0
Borrowing to Replace Internal Borrowing	0	0	0	0
Loan Repayments	(2,673)	(2,242)	(646)	(639)
Closing Balance of External Borrowing	135,734	159,610	189,713	210,522
Internal Borrowing				
Opening Balance of Internal Borrowing	12,456	13,675	14,295	12,956
Replacement of Internal Borrowing	0	0	0	0
Funding Loan Repayments from External Borrowing	0	0	0	0
External Loan Repayments	2,673	2,242	646	639
Borrowing to Fund Capital Expenditure	0	0	0	0
Minimum Revenue Provision	(1,454)	(1,622)	(1,985)	(2,103)
Closing Balance of Internal Borrowing	13,675	14,295	12,956	11,492
TOTAL BORROWING	149,409	173,905	202,669	222,014

7. BORROWING STRATEGY

7.1. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023. Table 4 indicates that £13.675m may need to be externally borrowed if urgently required. This is the amount of Council reserves and balances used in the past to fund the capital programme instead of taking out borrowing.

7.2. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered if it is cost effective to do so.
- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, , fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- Any decisions will be reported to this Committee at the next available opportunity

7.3. External v Internal Borrowing

7.3.1 Current conditions indicate a need for a flexible approach to the choice between internal and external borrowing. However, it remains the case that there are certain limitations to externalise borrowing, such as:-

- The policy can cause exposure to credit risk (e.g. risk of the bank defaulting on the debt), so this aspect must be very carefully managed;
- Careful on-going consideration needs to be given to the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

7.3.2 In favour of internalisation, over the medium term, investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

7.3.3 However, short term savings by avoiding new long term external borrowing in 2023/24 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing, as PWLB long term rates are now higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing. Long term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve, and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

7.4. Borrowing in Advance of Need

7.4.1 The Council will not borrow more than, or in advance of, its needs, solely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

7.4.2 In determining whether borrowing will be undertaken in advance of need, the Council will:-

1. ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
2. ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets, have been considered;
3. evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
4. consider the advantages and disadvantages of alternative forms of funding;
5. consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
6. consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

7.4.3 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

7.5. Debt Rescheduling

7.5.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates.

7.5.2 The reasons for any rescheduling to take place will include:-

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

7.5.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

7.5.4 All rescheduling will be reported to the Governance & Audit Committee at the earliest practicable meeting following its action.

7.6. Debt Profile

7.6.1. As can be seen from **Appendix 5**, the existing borrowing is due to be repaid in various years up to 2068/69. As part of any decision on future borrowing, the Council will aim to ensure that the repayment date is arranged so as to smooth out repayments as far as possible, but priority will be given to the interest rate payable when determining the type of loan (maturity or annuity) and the length of the loan.

8. INVESTMENT STRATEGY

8.1. In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns. Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

8.2. Management of Risk

8.2.1 CIPFA has extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Treasury Management Team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

8.2.2 The Council's investment policy has regard to the following:-

- Welsh Government's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code");
- CIPFA Treasury Management Guidance Notes 2021.

8.2.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

8.2.4 The above guidance from the Welsh Government and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This Council has defined the list of **types of investment instruments** that the Treasury Management Team are authorised to use. There are two lists in **Appendix 7** under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments by ensuring that no non-specific investment is undertaken without the prior consent of the Council. The Council does not hold any non-specified investments, nor does it intend to during 2023/24 (see **Appendix 7**).
6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table as set out in the Creditworthiness section of this strategy.
7. **Transaction limits** are set for each type of investment in **Appendix 8**.
8. This Council will set a limit for the amount of its investments which are invested for **longer than 365 days** (see **Appendix 11**).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see **Appendix 9**).
10. This Council has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2022/23 under **IFRS 9**, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Welsh Government has passed a statutory override to allow Welsh local authorities time to adjust their portfolio of all pooled investments by delaying implementation of IFRS 9 for five years until 31.03.23. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.)

8.3. Creditworthiness Policy

8.3.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:-

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 8.3.2** The Section 151 Officer will maintain a counterparty list in compliance with the criteria set out in **Appendix 8** and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 8.3.3** Credit rating information is supplied the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 8.3.4** As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:-
- Credit watches and credit outlooks from credit rating agencies;
 - Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
 - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 8.3.5** This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council, at the discretion of the Section 151 Officer, to assist in determining the duration for investments. The Council will, therefore, normally use counterparties within the following durational bands:-
- Yellow: 5 years *
- Dark pink : 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink : 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple: 2 years
- Blue: 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange: 1 year
- Red: 6 months
- Green: 100 days
- No colour: not to be used
- 8.3.6** The Link creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

- 8.3.7** Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 8.3.8** All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.
- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 8.3.9** Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information and information on any external support for banks to help support its decision making process.
- 8.3.10** Significant levels of downgrades to Short and Long Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, the council will not set a minimum rating for the UK.
- 8.3.11** Although bank CDS prices (these are market indicators of credit risk),, spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

8.4. Country Limits

- 8.4.1** The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 9**. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

9. GOVERNANCE AND CONTROL

- 9.1.** The Prudential Code reflects a move towards self regulation for local authorities and effective corporate governance is one of the key elements to the successful implementation of the Code.

9.2. Corporate Governance includes the following elements:-

- A formal role for the Section 151 Officer;
- Setting and monitoring of Prudential and Treasury Indicators;
- A scheme of delegation and a process of formal approval;
- Reporting on Treasury Management matters to Members.

9.3. Role of the Section 151 Officer and Members

9.3.1 The Section 151 Officer is responsible for ensuring that matters relating to Treasury Management and Capital Financing are taken into account and reported to the Executive / full Council for consideration and that procedures are established to monitor performance.

9.3.2 The Section 151 Officer must ensure that prudential indicators are set and monitored in order to demonstrate the legislative requirement that the Council's financial plans are affordable.

9.3.3 Members also play an important role in not just authorising the relevant decisions but also in scrutinising treasury management processes, decisions and performance. In order to undertake this role, the CIPFA Treasury Management Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Governance & Audit Committee, the Committee's members received training in treasury management, delivered by the appointed treasury management consultants on 14 September 2022. Further training will be arranged when required. The training needs of treasury management officers are regularly reviewed and addressed.

9.3.4 The CIPFA Treasury Management Code states that organisations are expected to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making. The Council should carry out the following to monitor and review knowledge and skills:-

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (a 'self-assessment by members responsible for the scrutiny of treasury management' is available from the CIPFA website to download).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

9.3.5 A formal record of the training received by officers central to the Treasury function will be maintained by the Performance & Support Team Leader. Similarly, a formal record of the treasury management / capital finance training received by Members will also be maintained by the Head of Democratic Services.

9.3.6 The Treasury Management Scheme of Delegation and a fuller explanation of the role of the Section 151 Officer is set out in **Appendix 10**.

9.4. Treasury Management Advice

9.4.1 The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors. In accordance with procurement regulations, the Council retendered this service during early 2021 for the period 1 April 2021 to 31 March 2024 with an option to extend for two years, with Link Group, Treasury Solutions being the successful tender.

9.4.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. Final responsibility for treasury management decisions remains with the Council.

9.4.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9.5. Prudential and Treasury Indicators

9.5.1. The Prudential and Treasury Indicators set out in **Appendix 11** cover affordability, prudence and sets out limits for capital expenditure, external debt, the liability benchmark and the maturity structure of borrowing.. It is for the Council to set the Prudential Indicators and it is important to not just consider the indicators for each individual year in isolation, but also to consider the past performance and the future forecasts. A fuller explanation of the purpose of each indicator is set out in **Appendix 12**.

9.6. Reporting

9.6.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

9.6.2 Prudential and Treasury Management Indicators and Treasury Strategy - the first and most important report (this report) is forward looking and covers:-

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function); and
- the capital plans (including the associated prudential indicators).

9.6.3 A Mid-Year Treasury Management Report - this will update Members with the progress of the capital position, amending prudential indicators as necessary and whether the treasury strategy is meeting its objectives or whether any policies require revision.

9.6.4 An Annual Treasury Report - this is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

9.6.5 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance & Audit Committee.

9.6.6 In addition to the three major reports detailed above, from 2023/24 quarterly reporting is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Executive Committee.

APPENDICES

1. Treasury Management Policy Statement
2. Treasury Management Key Principles
3. Economic background
4. Interest rate forecasts
5. Loan maturity profile
6. MRP Policy Statement
7. Specified and non-specified investments
8. Counterparty criteria
9. Approved countries for investments
10. Treasury management scheme of delegation and the role of the Section 151 Officer
11. Prudential and Treasury Indicators
12. Explanation of Prudential and Treasury Indicators
13. Glossary of, and information on, Prudential & Treasury Management indicators

Treasury Management Policy Statement

1. CIPFA defines its treasury management activities as: “The management of the Authority’s 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. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The CIPFA Treasury Management in the Public Services: Code of Practice

The key principles of CIPFA's *Treasury Management in the Public Services: Code of Practice (2021 Edition)*, as described in Section 4 of that Code are as follows:-

Key Principle 1:

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2:

Their policies and practices should make clear that the effective management and control of risks are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

Key Principle 3:

They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that, within the context of effective risk management, their treasury management policies and practices should reflect this.

The Code then goes on to say that:-

“In framing these recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money. This code does not seek to be prescriptive about how this issue should be handled, particularly since it covers such a wide variety of organisations. However, where appropriate, the sector specific guidance notes give suitable advice. CIPFA recognises that no two organisations in the public services are likely to tackle this issue in precisely the same manner but success in this area of treasury management is likely to be viewed, especially in value for money terms, as an indicator of a strongly performing treasury management function.”

“It is CIPFA's view that throughout the public services the priority is to protect capital rather than to maximise return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money.”

Accordingly, the Authority will adopt, as part of the standing orders, the following four clauses:-

1. The Authority will create and maintain, as the cornerstones for effective treasury management:-
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - suitable treasury management practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles.

2. The County Council, Executive Committee and the Governance & Audit Committee will receive reports on the Authority's treasury management policies, practices and activities, including: an annual strategy and plan in advance of the year, a mid-year review report and an annual report after its close, in the form prescribed in the TMPs.
3. The County Council/Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The Section 151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Authority nominates the Governance & Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies.

ECONOMIC BACKGROUND

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
Inflation	10.7%/y/y (Nov)	10.1%/y/y (Nov)	7.1%/y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

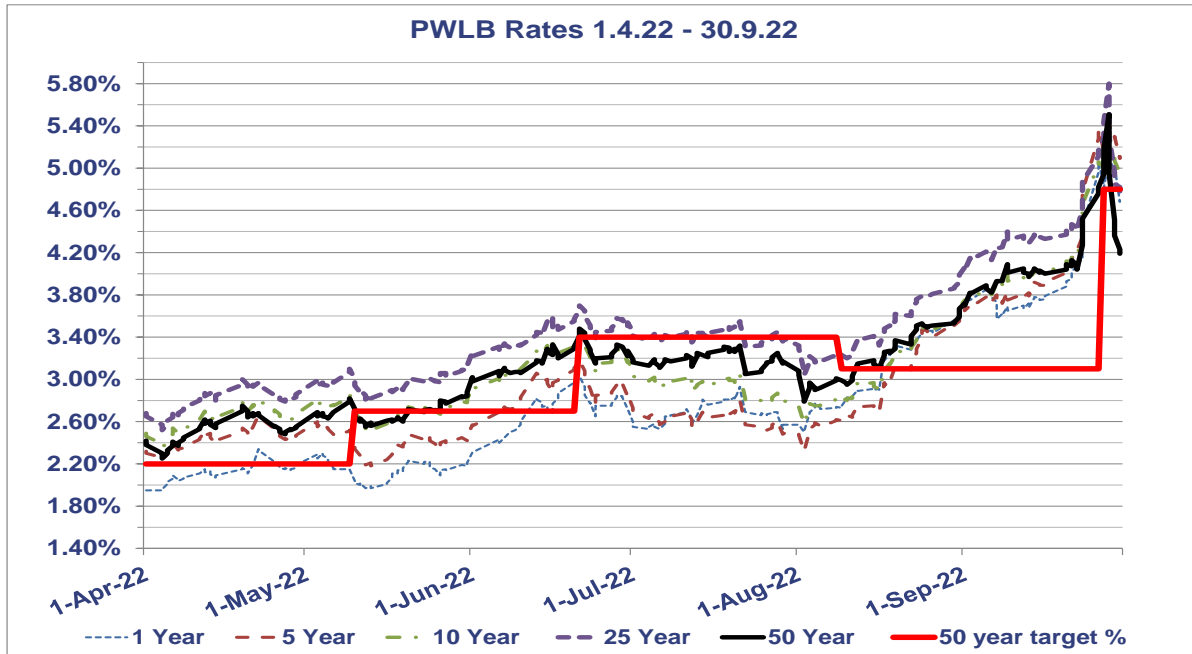
Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Group, Treasury Solutions

**Rhagolygon Graddfeydd Llog
2022/2025**

Interest Rate Forecasts 2022/2025

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Group

Additional notes by Link on this forecast table: -

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently, but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

DADANSODDIAD BENTHYCIADAU PWLB YN AEDDFEDU 2023/24 YMLAEN / PWLB LOANS MATURITY ANALYSIS 2023/24 ONWARDS						
	Aeddefedu PWLB Maturity	Blwydd-dal PWLB EIP/ Annuity	Benthyciadau Marchnad/ Market Loans	Amrywiol/ PWLB Variable	Cyfanswm yn Aeddfedu/ Total Maturing	%Yn Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %
	£'000	£'000	£'000	£'000	£'000	
2023/24	1,854	16	0	0	1,870	1.6
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	1,381	21	0	0	1,402	1.2
2027/28	2,165	24	0	0	2,189	1.8
2028/29	262	26	0	0	288	0.2
2029/30	1,539	21	0	0	1,560	1.3
2030/31	451	15	0	0	466	0.4
2031/32	1,941	9	0	0	1,950	1.6
2032/33	315	8	0	0	323	0.3
2033/34	637	0	0	0	637	0.5
2034/35	624	0	0	0	624	0.5
2035/36	611	0	0	0	611	0.5
2036/37	599	0	0	0	599	0.5
2037/38	587	0	0	0	587	0.5
2038/39	225	0	0	0	225	0.2
2039/40	5,000	0	0	0	5,000	4.2
2040/41	3,500	0	0	0	3,500	2.9
2042/43	1,000	0	0	0	1,000	0.8
2043/44	1,020	0	0	0	1,020	0.9
2044/45	1,010	0	0	0	1,010	0.8
2045/46	11,464	0	0	0	11,464	9.6
2050/51	2,000	0	0	0	2,000	1.7
2052/53	28,238	0	0	0	28,238	23.6
2054/55	3,000	0	0	0	3,000	2.5
2055/56	3,500	0	0	0	3,500	2.9
2056/57	5,000	0	0	0	5,000	4.2
2057/58	8,513	0	0	0	8,513	7.1
2059/60	1,763	0	0	0	1,763	1.5
2064/65	10,000	0	0	0	10,000	8.4
2066/67	6,200	0	0	0	6,200	5.2
2068/69	15,000	0	0	0	15,000	12.5
	119,400	178	0	0	119,578	100.0
Cyfartaledd bywyd (blynyddoedd)/ Average life (years)	30.82	4.06	0.00	0.00	30.78	
Cyfartaledd graddfa (%)/ Average rate (%)	4.53	9.42	0.00	0.00	4.54	

**PROFFIL AD-DALU BENTHYCIADAU ERAILL 2023/24 YMLAEN /
OTHER LOANS REPAYMENT PROFILE 2023/24 ONWARDS**

	Benthyciad Salix Loan 1	Benthyciad Salix Loan 2	Benthyciad Salix Loan 3	Benthyciad Salix Loan	Benthyciad Salix Loan 5	Benthyciad Salix Loan 6	Cyfanswm / Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2023/24	16	46	64	26	220	0	372
2024/25	8	45	64	26	220	264	628
2025/26	0	45	64	26	220	264	619
2026/27	0	0	64	27	220	264	575
2027/28	0	0	63	27	220	264	574
2028/29	0	0	63	27	221	264	575
2029/30	0	0	0	13	221	265	499
2030/31	0	0	0	0	221	265	486
2031/32	0	0	0	0	221	265	486
2032/33						265	265
2033/24						265	265
2034/35						265	265
2035/36						265	265
Cyfanswm / Total	24	137	382	172	1,984	3,175 ¹	5,874

¹ Total amount to be repaid differs from the total amount outstanding in Table 5.1.1 due to only having received £400k to date, however £3,175k will be received.

Minimum Revenue Provision (MRP) Policy Statement 2023/24

The Council is required to pay off an element of the accumulated Council Fund and HRA capital spend each year (the CFR) through a revenue charge (the minimum revenue provision, MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision, VRP).

The Welsh Government statutory guidance requires the Council to approve a MRP Statement in advance of each year. The guidance also states “if it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time”. A variety of options is provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:-

From 1st April 2022, for all capital expenditure funded by supported and unsupported borrowing (CFR), MRP will be charged on the asset life - annuity method at the Council’s average interest rate on all of its loans at the end of each relevant year-end.

MRP charges based on the asset life – annuity method may not be charged until the year the asset becomes operational. The Section 151 Officer may postpone the MRP charge until the financial year following the one in which the asset becomes operational. The estimated asset life of the asset would be determined in the year the MRP commences and would not change over the life of the asset. The estimated life periods will be set by the Section 151 Officer, based upon advice received from the relevant officers and will have regard to Statutory requirements and Welsh Government guidance in relation to MRP and asset life. Where land is purchased, the asset life will be based on the asset life of the asset placed on the land, which in the majority of cases will be 50 years, in line with the asset life for buildings.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. In addition, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.

The Housing Revenue Account (HRA) MRP charge for its share of supported and unsupported borrowing, will also be based on the asset life – annuity method at the Council’s average interest rate on its loans at the relevant year end.

Any repayments included in annual PFI or finance leases are applied as MRP and will be consistent with the asset life – annuity basis over the life of the lease or PFI scheme.

Specified and Non-Specified Investments

The Welsh Government 'Guidance on Local Government Investments' (Effective from 1 April 2010) provides the definition of specified and non-specified investments.

Paragraph 5.1 of the 'Guidance' states that an investment is specified if all of the following apply:-

- (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling; and
- (b) the investment is not a long-term investment (*); and
- (c) the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]; and
- (ch) the investment is made with a body or in an investment scheme of high credit quality (**); or with one of the following public-sector bodies:
 - (i) the United Kingdom Government;
 - (ii) a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland;
 - (iii) a parish or community council.

The 'Guidance' also states that any investment not meeting the definition of paragraph 5.1 is classified as a non-specified investment.

During 2023/24 the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to (i) long-term investments; and (ii) deposits with the Council's own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance balances will be minimised as far as is possible

The table in Appendix 8 set out the investment criteria and limits for the categories of investments intended for use during 2023/24 and, therefore, form the basis for the approved lending list.

Any proposed revisions or amendments during the year to the categories of specified and non-specified investments to be used and / or to the associated credit rating criteria / investment limits will be subject to prior approval by the County Council.

* Section 2.4 of the 'Guidance' defines a long term investment as "any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period."

** For the purposes of high credit quality the 'Guidance' states that "for the purposes of paragraph 5.1(d), Welsh ministers recommend that the Strategy should define high credit quality (and where this definition refers to credit ratings, paragraph 6.1 (***) is relevant)."

*** Paragraph 6.1 of the 'Guidance' recommends that "the Strategy should set out the authority's approach to assessing the risk of loss of investments, making clear in particular:

- (a) to what extent, if any, risk assessment is based upon credit ratings issued by one or more credit rating agencies;
- (b) where credit ratings are used, how frequently credit ratings are monitored and what action is to be taken when ratings change; and
- (c) what other sources of information on credit risk are used, additional to or instead of credit ratings."

The table in Appendix 8 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 7.3 of this strategy sets out the Council's creditworthiness approach.

Counterparty Criteria

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
NatWest Bank (Part Nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	£30m	364 days
UK Central Government (irrespective of credit rating)	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities*	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

*as defined in the Local Government Act 2003

Notes and Clarifications**(1) Cash Limit**

- (i) The cash limits apply both to the individual counterparty and to the overall group to which it belongs (e.g. for the banks within the Lloyds Banking Group plc (being Bank of Scotland plc and Lloyds Bank plc), the investment limit applies to those banks individually and the banking group as a whole);
- (ii) The overall cash limit for deposits over 364 days is £15m.

(2) Time Limit

- (i) This up to and including the period indicated.

(3) Foreign Countries

- (i) Investments in foreign countries will be limited to those that hold a sovereign credit rating of (Fitch) AA- or equivalent (from the agencies referred to in section 4.3 of this strategy) sovereign credit rating (based upon the lowest common denominator), and to a maximum of £10 million per foreign country.
- (ii) Investments in countries whose lowest sovereign rating is not AA- or above will not be permitted. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.
- (iii) Subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidiary relationships.
- (iv) Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

(4) Credit Rating Downgrade

Should a credit rating downgrade place a counterparty below the minimum credit rating criteria for investment, the counterparty will cease to be used as soon as practicable.

If the Section 151 Officer wishes to continue investing with that counterparty approval will be sought from the Chair of the Governance & Audit Committee plus one other member of the Chair's choosing, who both must approve the action. This will then be reported as appropriate at the next available opportunity.

Approved countries for investments [correct as at 19 December 2022]

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- **U.K.**

Treasury management scheme of delegation

(i) County Council

- budget approval;
- approval of the annual Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy, annual Treasury Management Policy Statement and amendments thereto;
- approval of amendments to the Council's adopted clauses;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities; and
- acting on recommendations received from the Governance & Audit Committee and/or Executive Committee.

(ii) Executive Committee

- budget consideration;
- approval of the division of responsibilities;
- approval of the selection of external service providers and agreeing terms of appointment;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities and making recommendations to the County Council as appropriate; and
- acting on recommendations received from the Governance & Audit Committee.

(iii) Governance & Audit Committee

- Scrutiny of Treasury Management matters as required by CIPFA's Code of Practice on Treasury Management and the Council's Treasury Management Policy. This includes:-
 - scrutinising the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and making recommendations to the Executive Committee and County Council as appropriate;
 - scrutinising proposals for amendments to the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and to the adopted clauses and making recommendations to the Executive and County Council as appropriate;
 - receiving and scrutinising any other proposals relating to the treasury management which require a decision by the Executive or County Council; and
 - receiving and scrutinising monitoring reports on treasury management policies, practices and activities and make recommendations to the Executive and County Council as appropriate.

The Treasury Management role of the Section 151 Officer

The Section 151 (responsible) Officer's role includes:-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- responsibility for the execution and administration of its Treasury decisions, including decision on borrowing, investment and financing, have been delegated to the Section 151 Officer, who will act in accordance with the Council's policy statements and TMP's;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Authority;
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by the Authority;
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
 - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

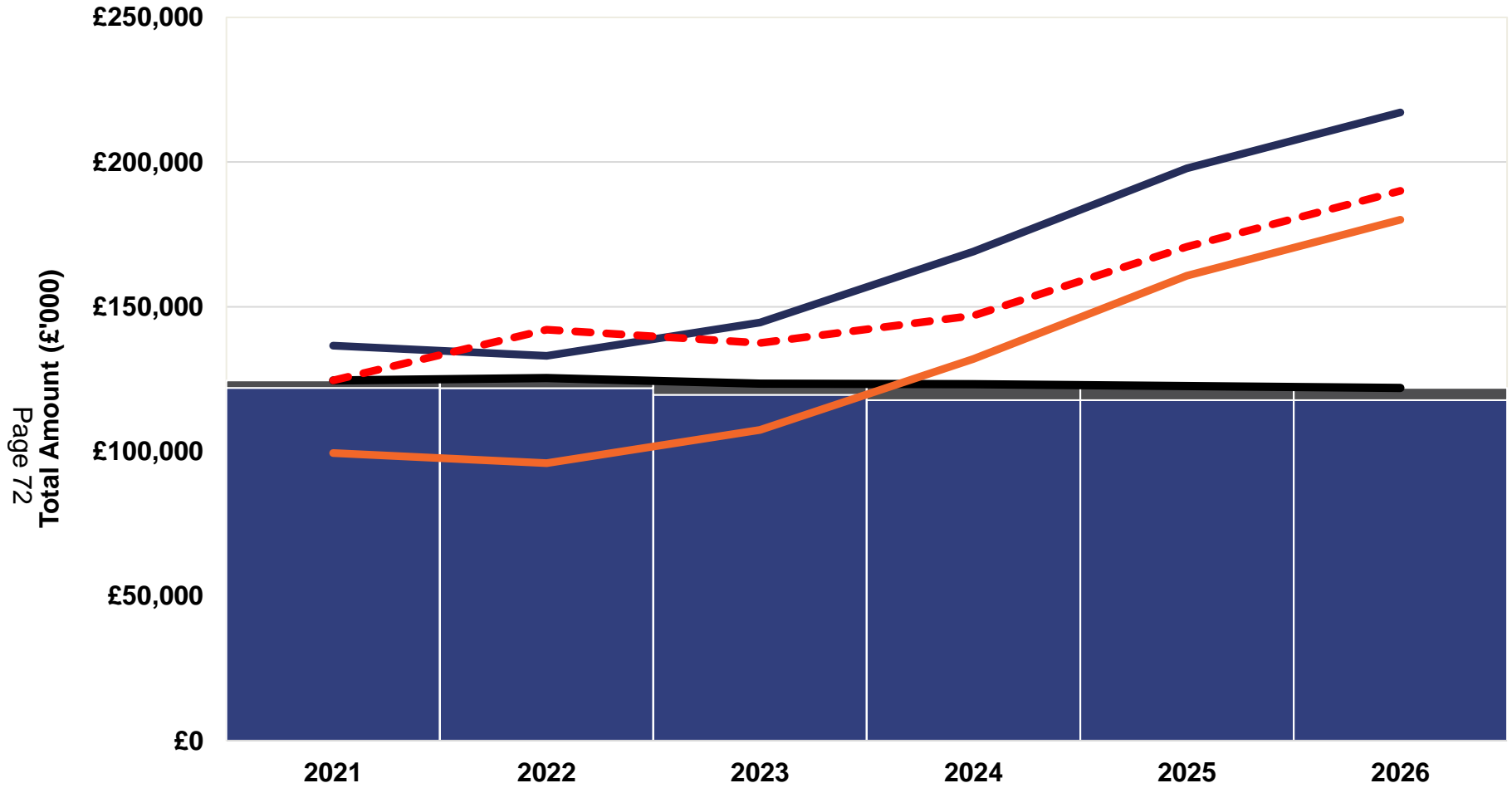
**PRUDENTIAL & TREASURY INDICATORS
BUDGET SETTING 2023/24**

APPENDIX 11

No.	Indicator	2021/22 out-turn	2022/23 estimate	2023/24 proposal	2024/25 proposal	2025/26 proposal
Affordability						
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	4.50%	2.81%	2.23%	2.95%	3.10%
	Housing Revenue Account (inclusive of settlement)	9.12%	18.41%	21.14%	26.12%	29.36%
	Total	5.04%	4.56%	4.25%	5.46%	6.06%
Prudence						
3	Gross debt and the Capital Financing Requirement (CFR)	✓	✓	✓	✓	✓
	<i>Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?</i>			✓	✓	✓
Capital Expenditure		£'000	£'000	£'000	£'000	£'000
4,5	Estimates of [or actual] capital expenditure					
	Council Fund	23,734	34,068	15,110	8,450	4,959
	Housing Revenue Account	9,723	12,085	31,847	34,351	27,659
	Total	33,457	46,153	46,957	42,801	32,618
6,7	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	99,387	108,871	116,576	120,181	120,673
	Housing Revenue Account	38,415	40,536	60,101	85,261	104,114
	Total	137,802	149,407	176,677	205,442	224,787
External Debt		£'000	£'000	£'000	£'000	£'000
8	Authorised Limit					
	: General Borrowing	175,000	175,000	205,000	235,000	255,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	180,000	180,000	210,000	240,000	260,000

9	Operational Boundary					
	: General Borrowing	170,000	170,000	200,000	230,000	250,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	175,000	175,000	205,000	235,000	255,000
10	Actual External Debt	125,348				
Treasury Management		2021/22 out-turn	2022/23 estimate	2023/24 proposal	2024/25 proposal	2025/26 proposal
11	The limit for total principal sums invested for periods longer than 364 days <i>(any long term investments carried forward from previous years will be included in each year's limit)</i>	15,000	15,000	15,000	15,000	15,000
			2023/24 upper limit		2023/24 lower limit	
12	The upper and lower limits for the maturity structure of fixed rate borrowing					
	• under 12 months			20%		0%
	• 12 months and within 24 months			20%		0%
	• 24 months and within 5 years			50%		0%
	• 5 years and within 10 years			75%		0%
	• 10 years and above			100%		0%
				no change		no change
13	Liability Benchmark (see chart below)					

Liability Benchmark



- PWLB Loans
- Existing Loan Debt Outstanding
- Loans CFR
- Salix Loans
- Net Loans Requirement (forecast net loan debt)
- Liability Benchmark (Gross Loans Requirement)

Information on Prudential & Treasury Management indicators

PRUDENTIAL INDICATORS

A) Affordability

1 & 2 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

The estimates of financing costs include current commitments and the proposals in this budget report.

B) Prudence

3 Gross Debt and the CFR

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

C) Capital expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

This provides a summary of the Council's capital expenditure. It reflects matters previously agreed and those proposed for the forthcoming financial periods.

The extent to which such expenditure is to be financed will influence how the Council's Capital Financing Requirement Indicator will change.

4 & 5 Estimates of Capital Expenditure

This is the forecast Capital Expenditure from 2022/23 to 2025/26, and is based on the Capital Programme for 2022/23 and the Capital Strategy for 2023/24.

6 & 7 The Council's borrowing need (the Capital Financing Requirement)

Another prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £nil of such schemes within the CFR.

CH) External Debt

8. **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

9. **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.
10. **Actual external debt.** The Council has to disclose the closing balance for actual gross borrowing in respect of the financial period just ended, together with the level of other long-term liabilities and so the actual aggregate level of external debt at the Balance Sheet date.

TREASURY INDICATORS

11. **Limits for Long Term Treasury Management Investments.** This Indicator is seeking to support control of liquidity risk. The limits should be set with regard to the Council's liquidity needs and also reduce the potential need to have to make early exit from an investment in order to recover funds. The indicator relates solely to the Council's investments for treasury management purposes.
12. **Maturity Structure of Borrowing.** The Council is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the Council's exposure to large sums falling due for refinancing.
13. **Liability Benchmark.** The new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.

2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Glossary

CAPITAL EXPENDITURE

Capital expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

CAPITAL FINANCING

Funds that are available to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL FINANCING REQUIREMENT

The total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

CIPFA

This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

HOUSING REVENUE ACCOUNT (HRA)

The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

INTEREST RECEIVABLE OR PAYABLE

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax. For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET DEBT

The Net Debt is the Council's borrowings less cash and liquid resources.

PUBLIC WORKS LOANS BOARD (PWLB)

A Central Government Agency which provides loans for one year and/or more to authorities at interest rates only slightly higher than those at which the government can borrow itself.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

SUPPORTED BORROWING

The Council borrows money to fund part of its capital programme. This borrowing is recognised by Central Government in its calculation of formula funding for the Council.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

UNSUPPORTED BORROWING

The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

This page is intentionally left blank

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	07 February 2023
Subject:	Review of the Governance and Audit Committee's Terms of Reference
Head of Service:	Marc Jones, Director of Function (Resources) / Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor, Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting: Good practice suggests that committees should periodically review their terms of reference for appropriateness. The Governance and Audit Committee last approved a fully revised terms of reference in April 2022, following the changes made as a result of the Local Government and Elections (Wales) Act 2021.	

1. Introduction

- 1.1. Audit committees are a key component of corporate governance and play an important role supporting local authorities. They are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.
- 1.2. The Governance and Audit Committee's Forward Work Programme provides for the regular review of its terms of reference. The last review approved a fully revised and updated terms of reference, following the changes made as a result of the Local Government and Elections (Wales) Act 2021.
- 1.3. Although the Chartered Institute of Public Finance and Accountancy issued updated sector-specific guidance in December 2022¹ it does not contain any changes that affect the terms of reference, therefore no changes are required.

2. Recommendation

- 2.1. That the Governance and Audit Committee considers and approves the existing terms of reference.

¹ <https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

3.4.8 Governance & Audit Committee – Terms of Reference

3.4.8.1 Statement of purpose

3.4.8.1.1. The Governance and Audit Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

3.4.8.1.2. The purpose of the Governance and Audit committee is to provide to members of full Council (*those charged with governance*) independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. It oversees internal and external audit and other regulators, helping to ensure effective assurance arrangements are in place. It also reviews and assesses the authority's ability to handle complaints effectively and makes reports and recommendations in relation to the authority's ability to handle complaints effectively.

3.4.8.1.3. There is clear separation between the role of the Governance and Audit committee and that of scrutiny committees. The Governance and Audit committee role seeks assurance that internal control systems of the council are working and risks effectively managed, rather than the actual scrutiny of activities.

3.4.8.1.4. It also receives and comments upon the council annual self assessment report and the report of the performance assessment panel.

3.4.8.2 Composition and arrangements

3.4.8.2.1 The Governance and Audit Committee is a non-executive body established under the requirements of the Local Government (Wales) Measure 2011 and is a fully constituted committee of the Council operating at a strategic level. The committee will conduct its business non-politically and must abide by the rules concerning political balance, in accordance with the Local Government and Housing Act 1989.

3.4.8.2.2 The committee will consist of one third of lay members; eight elected members and four lay members. Elected members will be politically balanced and will not be members of the executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee. The Chair will be a lay member and the Deputy Chair will not be a member of the executive or an assistant to its executive. The lay members will serve for a fixed term to coincide with the length of the Council, i.e. five years, and will serve a maximum of two terms. All members, including the lay members, are subject to the Council's Code of Conduct and will declare any interests. The lay members will have equal status to that of the elected members in terms of access to staff and information, for the purposes of the Governance and Audit committee.

3.4.8.2.3 The Chair of the Governance and Audit committee must be a lay member. The committee members will decide upon the chair and deputy-chair of the committee. All committee members, including the lay members, shall have a vote.

3.4.8.2.4 Any officer or member called to attend a Governance and Audit committee meeting must do so. They must answer any questions asked of them except ones that they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

3.4.8.2.5 The committee will meet at least four times a year and must meet if the full council so decides, or if at least a third of the committee's members requisition in writing to the Chair that a meeting be held. The council will publish the committee dates annually but additional meetings can be arranged at the discretion of the Chair if the required number of days' notice is provided and that the agenda is published prior to the meeting, in accordance with regulations.

3.4.8.2.6 The Director of Function (Resources) and Section 151 Officer, as the officer with responsibility for financial administration, will advise the committee. The Committee will provide effective support to the Director of Function (Resources) and Section 151 Officer, who consequently, will have direct and unfettered access to the committee.

3.4.8.2.7 The committee may commission work from the external and internal auditors and both will advise the Committee. The Committee may additionally, seek independent advice from outside the Council, within an approved budget.

3.4.8.2.8 The external and internal auditors of the Council have the right to request the chair of the committee to consider any matter that the auditors believe should be brought to the attention of the Council.

3.4.8.2.9 All new members will receive a full induction to the committee. Members will have role descriptions and will review their knowledge and skills through a self-assessment process. They will receive appropriate ongoing training in their role in accordance with an annual training programme and will receive regular briefings on new legislation, professional guidance and research.

3.4.8.3 Accountability arrangements

3.4.8.3.1 The committee will report to full council (*those charged with governance*) on an annual basis the Governance and Audit committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; financial reporting arrangements, complaints handling and internal and external audit functions.

3.4.8.3.2 The committee will report to full council (*those charged with governance*) on an annual basis the effectiveness of the committee in meeting its purpose and its agreed terms of reference. A regular self-assessment will be used to support the planning of the Governance and Audit committee work programme and training plans and will inform the committee's annual report.

3.4.8.3.3 The committee is subject to normal arrangements of openness. Meetings will be held in public, agendas and reports are published and available for inspection.

The exception to this is where 'exempt items' are being considered, which are chiefly matters which involve discussions concerning named individuals or refer to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally.

3.4.8.4 Governance

3.4.8.4.1 The committee will review and assess the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and will consider the local code of governance.

3.4.8.4.2 The committee will review the Annual Governance Statement (AGS) prior to full council approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

3.4.8.4.3 The committee will review the council and executive draft response to the panel performance assessment and if appropriate make recommendations for changes to the draft response. The procedure for this review is outlined in paragraph 3.4.8.4.16

3.4.8.4.4 The committee will review the council annual self-assessment report and if appropriate, make recommendations for changes to the report. The procedure for this review is outlined in paragraph 3.4.8.4.15

3.4.8.5 The committee will help the council to implement the values of ethical governance. It will promote measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community. As part of its review of governance arrangements, it will ensure there are adequate arrangements in place to enforce a strong commitment to ethical values and legal compliance at all levels.

3.4.8.6 The committee will review the governance and assurance arrangements available for significant partnerships or collaborations.

3.4.8.5 Treasury management

3.4.8.5.1 Full council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4.8.5.2 The committee will undertake a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full council. Where it is undertaking this scrutiny role, it will endeavour to develop greater awareness and understanding of treasury matters among the members.

3.4.8.5.3 The committee will review the treasury management policy and procedures to be satisfied that controls are satisfactory. It will receive six-monthly reports on

activities, issues and trends to support the committee's understanding of treasury management activities.

3.4.8.5.4 The committee will review the treasury risk profile and processes, and will review assurances on treasury management.

3.4.8.6 Value for money

3.4.8.6.1 The committee will support the development of robust arrangements to ensure that the council makes best use of its resources and taxpayers and service users receive excellent value for money.

3.4.8.6.2 The committee will review the council's overall approach to value for money and assess whether it is in line with governance objectives and the assurances on this to underpin the Annual Governance Statement.

3.4.8.6.3 The committee will consider assurances and assessments on the effectiveness of these arrangements, in particular, the Wales Audit Office's annual improvement reports.

3.4.8.7 Assurance framework

3.4.8.7.1 The committee will consider the council's assurance framework and ensure that it adequately addresses the risks and priorities of the council. This will support the committee's approval of the internal audit risk-based plan by identifying the extent to which it will rely on internal audit for its assurance requirements.

3.4.8.7.2 The committee will ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided.

3.4.8.8 Risk management

3.4.8.8.1 Assurance over risk management will be a key element underpinning the Annual Governance Statement. To this end, the committee will review and assess the effective development and operation of risk management in the council. In particular, it will:

- Oversee the authority's risk management policy and strategy, and their implementation in practice
- Oversee the integration of risk management into the governance and decision-making processes of the organisation
- Review the arrangements to co-ordinate and lead risk management, including the process and reporting lines
- Review the risk profile, keep up to date with significant areas of strategic risks and major operational and project risks
- Review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership
- Review the corporate risk register and seek assurance that management appropriately own and manage risks effectively

- Seek assurance that adequate risk assessments support strategies and policies and risks are actively being managed and monitored.
- Follow up and monitor risks identified by auditors and inspectors to ensure that they are integrated into the risk management process
- Support the development and embedding of good practice in the field of risk management practice.

3.4.8.9 Countering fraud and corruption

3.4.8.9.1 The committee will review the effectiveness of the council's whistleblowing arrangements, including the policy.

3.4.8.9.2 The committee will monitor the counter-fraud and corruption strategy, actions and resources, to ensure that it meets with recommended practice, governance standards and legislation.

3.4.8.9.3 The committee will review the assessment of fraud risks and potential harm to the council from fraud and corruption. It will review the fraud risk profile to understand the level of fraud risk to which the authority is exposed and the implications for the wider control environment.

3.4.8.9.4 It will oversee any major areas of fraud, identified in an annual report from the Director of Function (Resources) and Section 151 Officer, and monitor action plans to address control weaknesses.

3.4.8.10 Internal audit

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit committee to oversee the council's internal audit arrangements.

3.4.8.10.2 The role of the Governance and Audit committee in relation to internal audit will be to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

3.4.8.10.3 The committee will review and approve the internal audit charter, which defines the internal audit's activity purpose, authority and responsibility.

3.4.8.10.4 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.5 The committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The committee will approve significant interim changes to the strategy.

3.4.8.10.6 The committee will make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

3.4.8.10.7 The committee will consider an annual report from the head of internal audit on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.8 The committee will consider the head of internal audit's annual report and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the committee in reviewing the Annual Governance Statement.

3.4.8.10.9 The committee will consider the statement contained in the annual report of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.10 The committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.11 The committee will receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.12 The committee will consider reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.13 The committee will consider, approve and periodically review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit.

3.4.8.10.14 The committee will contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will oversee the qualifications and independence of the assessor.

3.4.8.10.15 The committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.16 The committee will support the development of effective communication with the head of internal audit. The engagement between the head of internal audit and the Governance and Audit Committee is a crucial component of delivering an effective internal audit service.

3.4.8.10.17 The committee will provide free and unfettered access to the Governance and Audit Committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

3.4.8.11 External audit

3.4.8.11.1 The committee will support the independence and objectivity of external audit through consideration of the external auditor's annual assessment of its independence.

3.4.8.11.2 The committee will consider the external auditor's annual letter and the report to *'those charged with governance'*. It will contribute to the council's response to the annual audit letter.

3.4.8.11.3 The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.

3.4.8.11.4 The committee will advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

3.4.8.11.5 There will be an opportunity for the Governance and Audit committee to meet privately and separately with the external auditor, independent of those officers with whom the auditor must retain a working relationship.

3.4.8.12 Financial reporting

3.4.8.12.1 The committee will review and scrutinise the council's financial affairs, making reports and recommendations in relation to them.

3.4.8.12.2 The committee will review, prior to approval by full council, the authority's annual financial statements, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas.

3.4.8.12.3 The committee will consider the external auditor's report to 'those charged with governance' on issues arising from the audit of the accounts and whether they need to be brought to the attention of the council.

3.4.8.13 Other regulators and inspectors

3.4.8.13.1 The committee will receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance. In respect of these, the authority will ensure there is no unnecessary duplication between the Governance

and Audit committee and any overview and scrutiny committee in considering such reports.

3.4.8.14 Complaints Handling

3.4.8.14.1 The committee will review and assesses the authority's ability to handle complaints effectively.

3.4.8.14.2 The committee will make reports and recommendations in relation to the authority's ability to handle complaints effectively.

3.4.8.15 Self-assessment Report

3.4.8.15.1 Each financial year, the committee will receive from council a draft of its self-assessment report [to be drafted in accordance with Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils)]

3.4.8.15.2 The committee will receive the draft report from the council before the end of four weeks of the council making the report.

3.4.8.15.3 The committee will review the draft report and may make recommendations for changes to the conclusions, or to anything included by the council by way of actions it intends taking, or it has already taken, so as to increase the extent to which it will meet the performance requirement in the financial year following the financial year to which the report relates.

3.4.8.15.4 Any recommendation made by the committee, but not adopted by council before publication, must be included in the report with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

3.4.8.16 Performance Panel Assessment

3.4.8.16.1 At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021).

3.4.8.16.2 The council must publish a panel performance assessment report at least six months before the date of the next ordinary election

3.4.8.16.3 The council must make a draft of its response to the panel performance assessment available to its governance and audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

3.4.8.16.4 If the council does not make a change recommended by the governance and audit committee, it must set out in the final response the recommendation and the reasons why it did not make the change.

3.4.8.17 Auditor General Special Inspection

3.4.8.17.1 If the Auditor General carries out a special inspection (as it considers the council is not, or may not, be meeting its performance requirements, and a report is sent to council, as soon as reasonably practicable after receiving such report, the council must make it available to the Governance and Audit Committee.

3.4.8.17.2 Should a response be required by council to a report published in accordance with paragraph 3.4.8.17.1 above, council must make a draft of the response available to the Governance and Audit Committee. The committee must review the draft response and may make recommendations for changes to the statement made in response to what action, if any, the council intends to take in response to the recommendations made by the Auditor General.

3.4.8.17.3 Any recommendation made by the committee, but not adopted by council before publication, must be included in the response with reasons why the council has not made the changes recommended by the Governance and Audit Committee.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	07 February 2023
Subject	Review of Forward Work Programme for 2022-23 (v7)
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting To provide a Forward Work Programme for 2022-23 to the members of the Governance and Audit Committee.	

Introduction

1. A Forward Work Programme (v7) is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
2. The programme has been developed considering the Committee's new responsibilities as a result of the new Local Government and Elections (Wales) Act 2021, and the consequent amendment to the Committee's terms of reference.

Recommendation

3. That the Governance and Audit Committee:
 - considers whether the Forward Work Programme proposed for 2022-23 meets the Committee's responsibilities in accordance with its terms of reference.

Appendix A – Forward Work Programme 2022-23 v7

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	18 January 2023	07 February 2023	18 April 2023
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2022-23 v2 (3.4.8.3.2) Annual Chair's Report 2021-22 (3.4.8.3.1)	Review of Forward Work Programme 2022-23 v3 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 v4 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 v5 (3.4.8.3.2)	Review of Forward Work Programme 2022-23 v6 (3.4.8.3.2)		Review of Forward Work Programme 2022-23 v7 (3.4.8.3.2) Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2022-23 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2)
Governance (3.4.8.4)		Draft 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 2021-22 (3.4.8.4.4)	Final Annual Governance Statement (3.4.8.4.1/2/3)		
Treasury Management (3.4.8.5)			Annual Report 2021-22 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)		Strategy and Prudential Indicators 2023-24 (3.4.8.5.3/4)	

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	18 January 2023	07 February 2023	18 April 2023
Assurance Framework (3.4.8.7)			Annual Information Governance Report 2021-22 (3.4.8.7.1) Annual ICT Security Report 2021-22 (3.4.8.7.1) Annual Health & Safety Report 2021-22 (3.4.8.7.1)		Annual Information Governance in Schools Report 2021-22 (3.4.8.7.1) Annual Procurement Report 2021-22 (3.4.8.7.1)		Annual Information Governance in Schools Report 2021-22 (3.4.8.7.1)	Annual Insurance Report (3.4.8.7.1) ¹ Climate Change Update (3.4.8.7.1)
Risk Management (3.4.8.8)			Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)				Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1) Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)	Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)
Countering Fraud and Corruption (3.4.8.9)			Annual Counter Fraud, Bribery and Corruption Report 2021-22 (3.4.8.9.4)		Annual Review of Counter Fraud, Bribery and Corruption Strategy (3.4.8.9.2/3)			

¹ Postponed until the June 2023 meeting to allow year-end work to be undertaken

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	18 January 2023	07 February 2023	18 April 2023
			Annual Concerns, Complaints & Whistleblowing Report (3.4.8.9.1)					
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2021-22 (3.4.8.10.6/7/8/9/12/14/15) (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) Outstanding Issues/Risks (3.4.8.10.11)		Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) 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)	Internal Audit Update Report (3.4.8.10.10/11) (3.4.8.6) Outstanding Issues/Risks (3.4.8.10.11) Annual Internal Audit Strategy 2023-24 (3.4.8.10.1/2/5/6)
External Audit (3.4.8.11)					Annual Audit Summary 2022 (3.4.8.11.3)	Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3) Annual Audit Summary 2022 (3.4.8.11.3)		Annual Audit Plan 2022-23 (3.4.8.11.1/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2021-22 (3.4.8.12.1/2)				Final Statement of Accounts 2021-22 (3.4.8.12.1/2)		

Core Function	29 June 2022	26 July 2022	28 September 2022	20 October 2022	08 December 2022	18 January 2023	07 February 2023	18 April 2023
Other regulators and inspectors (3.4.8.13)								
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2021-22 (3.4.8.14.1/2) Annual Letter of the Public Services Ombudsman for Wales 2021-22 (3.4.8.14.1/2)					
Self-assessment (3.4.8.15)		Review of the Draft Annual Self-assessment report (3.4.8.15.1/2/3)		Review of the Draft Annual Corporate Self-assessment Report (3.4.8.15.1/2/3)				
Performance Panel Assessment (3.4.8.16) ²								

² At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

Appendix B – Training Programme

Committee-specific training

Area	Medium	Provider	Date Provided / Scheduled	Attendance
Induction	Virtual	Jo Hendy, Welsh Local Government Association	23 June 2022	11 / 12 (92%)
Financial Statements	Virtual	Marc Jones, Director of Function (Resources) / Section 151 Officer	13 July 2022	9 / 12 (75%)
Complaints	Virtual	Matthew Harris, Public Services Ombudsman for Wales	9 September 2022	9 / 12 (75%)
Treasury Management	Virtual	Richard Bason, Senior Director, Link Treasury Services	14 September 2022	7 / 12 (58%)
Risk Management		Julie Jones, Risk and Insurance Manager		

Mandatory training

Area	Medium	Provider	Date Provided / Scheduled	Completed
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time	
Cyber Ninjas for Councillors	eLearning	Internal	Available any time	
Basic Safeguarding Awareness (Group A)	eLearning	Internal	Available any time	
Violence Against Women, Domestic Abuse and Sexual Violence (optional for lay members)	eLearning	Internal	Available any time	
Prevent (optional for lay members)	eLearning	Internal	Available any time	
Modern Slavery (optional for lay members)	eLearning	Internal	Available any time	

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	07 February 2023
Subject:	Internal Audit Update
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<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 31 January 2023, on the audits completed since the last update as at 30 November 2022, 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.



INTERNAL AUDIT UPDATE FEBRUARY 2023

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

MarionPryor@anglesey.gov.wales



TABLE OF CONTENTS

ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE	3
UK Community Renewal Fund (Grant Audit)	3
IT Vulnerability Management (First Follow Up)	4
Council Tax Direct Debit Error	5
Galw Gofal (Partnership Governance Arrangements)	6
WORK IN PROGRESS	7
OUTSTANDING ACTIONS	8
PRIORITIES FOR 2022-23 AND BEYOND	9
Current Capacity	9
Short/Medium Term Priorities	9
Red and Amber Strategic Risks	9
National Fraud Initiative (NFI)	9
Other Work	10
Longer Term Priorities	10
APPENDIX 1 - OUTSTANDING ACTIONS AS AT 31 JANUARY 2023 (4ACTION DASHBOARD)	11

ASSURANCE WORK COMPLETED SINCE THE LAST UPDATE

1. This section provides an overview of internal audit reports finalised since the meeting in December 2022, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **four** pieces of internal audit assurance work in the period, summarised below:

Title	Strategic Risk Register Ref. / Reason for audit	Date Final Report	Assurance Level	Critical	Major	Moderate	Total
UK Community Renewal Fund (Grant Audit)	Grant requirement	January 2023	Reasonable	0	0	0	0
IT Vulnerability Management (First Follow Up)	YM4	January 2023	Reasonable	0	2	0	2
Council Tax Direct Debit Error	Requested by Director of Function (Resources) / Section 151 Officer	January 2023	n/a	0	0	1	1
Galw Gofal (Partnership Governance Arrangements)	Requested by Chief Executive	January 2023	Limited	0	1	4	5

UK Community Renewal Fund (Grant Audit)

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 controls and records in respect of the Community Renewal Fund (CRF) Grant to ensure that the funding has been delivered appropriately, in line with the relevant grant terms?

4. Our review concluded that the Council has adequate internal controls and records in place to ensure that the UK Community Renewal Fund (CRF) funding has been delivered appropriately, in line with the relevant grant terms.
5. In particular, as Adfywio Môn & Môn Ymlaen are two projects delivered by the Council, in addition to being the lead authority, our review confirmed that suitable controls, such as appropriate delegation of responsibilities and internal reporting mechanisms are in place to ensure the robust separation of the delivery and administration functions exist.
6. The Council's Employee Code of Conduct makes provision for managing and monitoring any actual or perceived bias or conflicts of interests in respect of the CRF grant. In addition, the Council sought assurance that project deliverer organisations had similar provisions in place. However, there is currently no corporate requirement for the Council to obtain 'nil declaration of interest' statements.¹
7. Overall, the results of our review were mainly positive; therefore, we can provide **reasonable assurance** in relation to the Council's governance, risk management and internal controls in administering the UK CRF grant.

IT Vulnerability Management (First Follow Up)

Reasonable Assurance	Issues/Risks	
	0	Critical
	2	Major
	0	Moderate

8. Our review sought to answer the following key question:
Has management addressed the outstanding issues/risks originally raised in our Limited Assurance report of IT Vulnerability Management in August 2022?
9. We commissioned an external IT audit specialist to undertake a review of the Council's arrangements for mitigating the key risks associated with IT vulnerabilities and patch management, and issued a final report in August 2022. The review raised five issue/risks for management action. Due to the nature and potential impact of the risks identified, we were only able to provide 'Limited Assurance' of the Council's arrangements at this time. We undertook a follow up review in January 2023 to determine progress with addressing the risks identified.
10. Our review concluded that the IT Team has made excellent progress in strengthening controls in this area and has made procedural and technical improvements, which help to mitigate the risk of an IT vulnerability being exploited leading to a successful cyber-attack.
11. The IT Team has successfully addressed three of the issues/risks identified during our initial review and work to address the two remaining is well underway, with only one target date slipping, and only by a month.

¹ We are currently undertaking a separate Council-wide audit of 'Declarations of Interest', which will include grant award, delivery and administration.

12. We are therefore satisfied that arrangements to manage the risks associated with IT vulnerabilities and patching have improved since our initial review, and can therefore increase the assurance level provided to 'Reasonable'. We will continue to monitor the two remaining actions as part of our internal monitoring system to ensure they are successfully implemented and the associated issues/risks addressed.

Council Tax Direct Debit Error

Not Applicable	Issues/Risks	
	0	Critical
	0	Major
	1	Moderate

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

Does the Council have effective arrangements for ensuring that the Council Tax and National Non-Domestic Rates (NNDR) direct debit is processed correctly, in full, at the right time, on the right day and only once?

14. Following an error in the processing of the council tax and NNDR direct debit, the Director of Function (Resources) and Section 151 Officer requested Internal Audit undertake a review of the current process for Council Tax and NNDR direct debit collection, the process for refunding those affected, and the proposed improvements by the service to address the risk of similar errors reoccurring in the future.
15. Our review confirmed that the incident was the consequence of human error, made possible by unique circumstances over the Christmas and New Year bank holiday period whereby the direct debit files for three payment due dates were processed in advance, causing confusion and error.
16. The service is implementing a more robust authorisation process so that an independent officer checks all Council Tax and NNDR direct debit files prior to their release. To strengthen this process and ensure the controls continue to operate effectively, we advise that the authorisation process be documented, outlining all individual checks and signed as complete by the relevant officer. See action plan below.
17. The Council refunded all Council Tax payments taken in error within 24 hours of being alerted to the incident, and all NNDR direct debit payments taken in error were refunded by the 5 January 2023. The Council's swift action to refund the Council Tax payments has resulted in an overpayment, which the Council is in the process of recovering.
18. To conclude, the incident highlights the need for more robust controls around the processing of Council Tax and NNDR direct debit payments, however we are satisfied that the service is working to implement these changes.
19. Due to the risk of similar errors occurring in other Council areas that process direct debit payments, we plan to carry out a further review to ensure arrangements in this area across the Council are effective and the associated risks minimised.

Galw Gofal (Partnership Governance Arrangements)

Limited Assurance	Issues/Risks	
	0	Critical
	1	Major
	4	Moderate

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

Is Galw Gofal's partnership governance fit for purpose to ensure governance, performance and financial stability are adequate?

21. Overall, our review concludes that although the Isle of Anglesey County Council performs its share of the role in governing the Galw Gofal partnership adequately on the most part, with a number of governance control weaknesses identified, notably around its obligations concerning data protection, we are only able to provide limited assurance that it is managing all its governance risks adequately.
22. Due to the commercial sensitivity of the partnership, members have received a copy of the full report and action plan separately, and any discussions will be conducted in a private session of the meeting, in accordance with Paragraph 14, Schedule 12A of the Local Government Act 1972.

WORK IN PROGRESS

23. The following pieces of work are currently in progress:

Audit Area	Strategic Risk Register Ref	Service	Reason for Audit	Stage
Local Government Pension Scheme	n/a	Resources	Concerns raised during Teachers' Pensions audit	Postponed
IT Audit - Cloud Computing	YM3	Corporate Transformation	Strategic Risk Register	Fieldwork
Recovering Council Sundry Debts	n/a	Resources	First follow up of Limited Assurance report from November 2021	Fieldwork
Payments - Supplier Maintenance / Identification of duplicate invoices and recovery of duplicate payments	n/a	Resources	Second follow up of Limited Assurance follow up report from April 2022	Fieldwork
Gas Safety	n/a	Housing	Requested by Head of Housing	Fieldwork
The Council's effectiveness in managing its strategic risk 'YM11 – Poverty'	YM11	Corporate	Strategic Risk Register	Fieldwork
Declarations of Interest	n/a	Corporate	Identified by Fraud Risk Assessment	Fieldwork

OUTSTANDING ACTIONS

24. 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 31 January 2023.
25. There are currently 9 overdue actions (2 Major; 7 Moderate), which relate to 'Issues/Risks' raised in the following audits:
 - Leavers' Process
 - Payments - Supplier Maintenance / Identification of duplicate invoices and recovery of duplicate payments - follow up currently underway
 - Council Tax and NNDR Refunds
26. We are working with the services to provide support with implementing the actions.

PRIORITIES FOR 2022-23 AND BEYOND

Current Capacity

27. We are currently carrying two vacant posts at Senior Auditor level - one due to long-term secondment and one due to resignation. We have been unable to attract enough suitable applicants despite three attempts to recruit.
28. We are utilising the budget savings to commission additional external support, including technical IT audit from the IT Audit Team at Salford Council.

Short/Medium Term Priorities

29. We are continuing to deliver the Annual Internal Audit Strategy for 2022-23 approved by the Governance and Audit Committee in June 2022. Our priority is to review the 'red' and 'amber' residual risks we have not yet reviewed, or not reviewed in the last two years, whilst remaining agile to respond to requests for assistance and assurance from services, and reacting to investigations.

Red and Amber Strategic Risks

30. There are three strategic risks remaining to be reviewed before the end of the year:
 - YM5 Schools (red/red) - planned for March 2023
 - YM11 Increase in poverty increasing demand on Council services (red/red) - in progress
 - YM10 Corporate Safeguarding (red/amber) - planned for February 2023

National Fraud Initiative (NFI)

31. The NFI is a UK-wide data matching exercise that helps to detect and prevent fraud. It is conducted in Wales by the Auditor General under his statutory data matching powers set out in Part 3A of the Public Audit (Wales) Act 2004 (the 2004 Act).
32. The NFI is designed to help public bodies build their fraud detection capability through data matching at a national level. The Auditor General collaborates with the UK Cabinet Office, Audit Scotland and the Northern Ireland Audit Office to run NFI as a UK-wide exercise.
33. The main data matching exercise is carried out biennially and we worked with services to extract data from systems to upload for this year's exercise. We successfully met all NFI deadlines. Before uploading, data sets were quality assured to ensure they met the data specification. Privacy notices were also be checked to ensure compliance.
34. The outcome of the matching exercise will be available at the end of January 2023, when we will commence work to review matches on a risk-basis, and where possible, distribute to services for them to review. The outcome of our review must be recorded on the secure NFI portal.

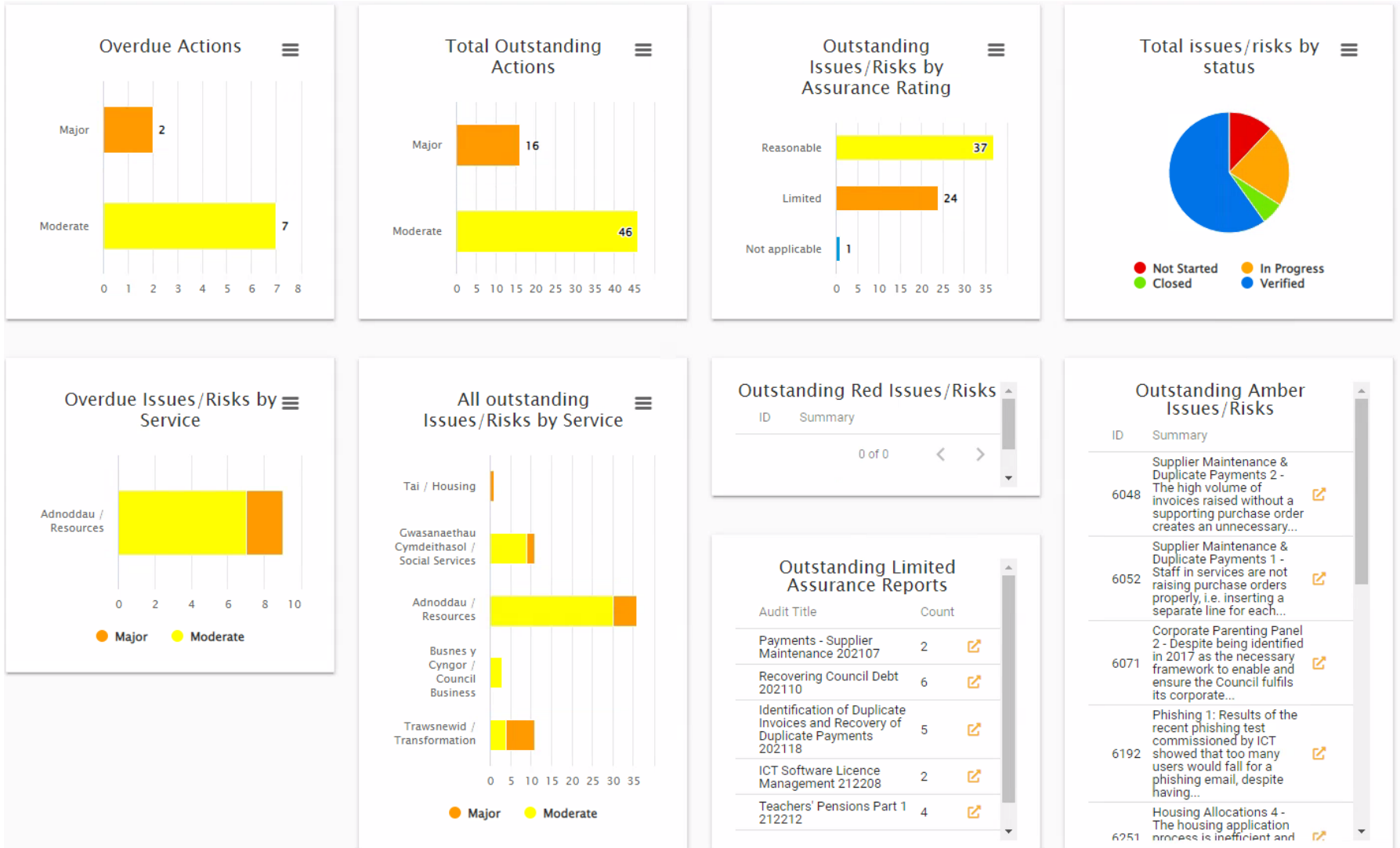
Other Work

35. We will continue to actively promote and monitor the addressing of outstanding internal audit issues/risks.
36. We are currently undertaking a self-assessment with members of the Committee to determine training and development needs for the new elected and lay members.
37. We are currently subject to an External Quality Assessment of compliance with the Public Sector Internal Audit Standards, which is being undertaken by Flintshire County Council.

Longer Term Priorities

- The delivery of the new Counter Fraud, Bribery and Corruption Strategy 2022-25, 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 Governance and Performance Review Group.
- Once it has had time to mature, we will work with members of the Governance and Audit Committee to undertake an assessment of the effectiveness of the Committee using the newly published CIPFA guidance as a benchmark.

APPENDIX 1 – OUTSTANDING ACTIONS AS AT 31 JANUARY 2023 (4ACTION DASHBOARD)



DDIM I'W GYHOEDDI NOT FOR PUBLICATION

(Teitl yr Adroddiad: /Title of Report:)

PRAWF BUDD Y CYHOEDD PUBLIC INTEREST TEST

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

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank