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CYNGOR SIR
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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 IAU 7 RHAGFYR 2023 am 10:00 y. b.	THURSDAY, 7 DECEMBER 2023 at 10.00 am
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, Trefor Lloyd Hughes, MBE, Dyfed Wyn Jones, Euryrn Morris (***Deputy Chair***), Margaret M. Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Ieuan Williams

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

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A G E N D A

1 DECLARATION OF INTEREST

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

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 12)

To present the minutes of the previous meeting of the Governance and Audit Committee held on 21 September 2023.

3 ANGLESEY SCHOOLS ANNUAL INFORMATION GOVERNANCE ASSURANCE REPORT 2022/23 (Pages 13 - 42)

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

4 STATEMENT OF THE ACCOUNTS 2022/23 AND ISA 260 REPORT (Pages 43 - 74)

To present the following –

- The report of the Director of Function (Resources)/Section 151 Officer – Statement of the Accounts 2022/23.
- The report of the Head of Profession (HR) and Transformation – Annual Governance Statement 2022/23
- The report of External Audit on the audit of the 2022/23 financial statements (ISA 260 report)

5 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2022/23 (Pages 75 - 90)

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

6 NATIONAL FRAUD INITIATIVE OUTCOMES REPORT 2022-23 (Pages 91 - 104)

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

7 INTERNAL AUDIT UPDATE (Pages 105 - 112)

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

8 STRATEGIC RISK REGISTER UPDATE (Pages 113 - 130)

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

9 EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE QUARTERLY UPDATE (Pages 131 - 148)

To present the report of Audit Wales.

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10 REVIEW OF FORWARD WORK PROGRAMME 2023/24 (Pages 149 - 156)

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

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the hybrid meeting held on 21 September, 2023

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Euryrn Morris (Deputy Chair)
- Councillors Geraint Bebb, Dyfed Wyn Jones, Keith Roberts, Liz Wood.
- Lay Members: William Parry, Michael Wilson
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Director of Function (Council Business)/Monitoring Officer (for items 3 and 4)
Head of Internal Audit & Risk (MP)
Head of Regulation and Economic Development (for item 5)
Head of Housing Services (for item 3)
Leisure Manager (for item 3)
Corporate Information and Complaints Officer (for items 3 and 4)
Principal Auditor (NW)
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** Councillors Trefor Lloyd Hughes, MBE, Margaret Roberts, Ieuan Williams, Llinos Medi (Leader), Carys Edwards (Head of Profession (HR) and Transformation)
- ALSO PRESENT:** Councillors Carwyn Jones (Portfolio Member for Corporate Business and Customer Experience), Nicola Roberts (Portfolio Member for Planning, Public Protection & Climate Change), Robin Williams (Deputy Leader & Portfolio Member for Finance), Alan Hughes (Performance Audit Lead – Audit Wales), Yvonne Thomas (Audit Manager Financial Audit – Audit Wales), Euros Lake (Audit Wales), Elizabeth Humphrey (CIPFA), Bethan H. Owen, (Accountancy Services Manager), Bryn Owen (Senior Internal Auditor)

The Chair welcomed everyone to the meeting and extended a particular welcome to Elizabeth Humphrey from CIPFA who was present in her capacity as independent assessor of the effectiveness of the Committee. The Chair also referred to Councillor Trefor Lloyd Hughes, MBE and Mrs Sharon Warnes, Lay Member who were absent due to indisposition and on behalf of the Committee he wished both well for a speedy recovery.

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 27 July, 2023 were presented and were confirmed as correct.

Arising thereon – the Chair enquired whether there had been any feedback on the suggestion made at the last meeting that a dedicated programme management office be established to oversee the delivery of the Council's capital projects.

The Director of Function (Resources)/Section 151 Officer advised that he confirm with the Programme, Business Planning and Performance Manager whether the suggestion had been taken back to the Senior Leadership Team and update the Committee at its next meeting.

3. ANNUAL CONCERNS, COMPLAINTS AND WHISTLEBLOWING REPORT 2022/23

The report of the Director of Function (Council Business)/Monitoring Officer setting out issues arising under the Council's Concerns and Complaints Policy along with the number of whistleblowing disclosures made under the Council's Whistleblowing Policy for the period 1 April, 2022 to 31 March, 2023 was presented for the Committee's consideration. The report included Social Services complaints but only those where the complainant was not a service user. Social Services user complaints are dealt with separately under the Social Services Policy – Representations and Complaints Procedure for Children and Adults which are reported annually to the Corporate Scrutiny Committee.

The Director of Function (Council Business)/Monitoring Officer presented the report which provided an overview of the way complaints and concerns were dealt with by the Council's services under its formal Concerns and Complaints Policy during 2022/23. The report covered the number of concerns and complaints received during the year compared to the previous year, an analysis of concerns and complaints by service including the services with the highest number of concerns and complaints and how those were accounted for, the timeliness of the response to complaints by services, complaints to the Public Services Ombudsman for Wales and their outcome and the lessons learnt from the concerns and complaints received and how those are contributing to improved practice and customer satisfaction.

The Director of Function (Council Business)/Monitoring Officer guided the Committee through the main sections of the report and highlighted the standout messages from the data collected. Overall it can be concluded that complaints regarding Elected Members, the Welsh Language (within the Concerns and Complaints Policy) and Whistleblowing are not a cause for concern and require no further specific action. The number of concerns received during the period has increased from 189 in 2021/22 to 321 in 2022/23 partly attributable to overzealous reporting by the Housing Service during the first six months of 2022/23 which included day to day requests as well as concerns as defined by the PSOW. Had the data been reported correctly it is estimated that a more accurate figure would be an increase from 189 to 236. The number of complaints has decreased from 54 in 2021/22 to 40 in 2022/23 with the highest number of complaints being in Resources (11) and Housing (10). No complaints were investigated by the PSOW during the reporting period. The time for responding to complaints continues to be an issue with performance having dropped by 5.2% compared with that in 2021/22. The information gathered for both complaints and concerns also shows a pattern of customer care / customer service deficiencies especially with regard to ongoing communications over timescales and delays.

The Committee considered the report and the following points were noted –

- That only 74.4% of complaints were answered within the required period in 2022/23 and that many of the concerns/complaints received indicate that communication has been an issue and that better communication may have prevented a concern being raised. The Committee sought assurance that lessons are being learnt and that the learning is being shared to avoid similar concerns being raised in future.

The Director of Function (Council Business)/Monitoring Officer advised that recommendation three of the report addresses in part the issues in relation to improving customer service. The information collected is now much more detailed and services are challenged on the reasons for complaints and the actions being taken to resolve the issues arising. Analysis has shown that customer service is a dominant theme in the complaints and concerns raised and it is therefore intended that customer service training be undertaken across the organisation focusing initially on those services with the most complaints/concerns/late responses and then extending the training to all public facing staff.

- An increase in the number of concerns raised against the Housing Service and the Leisure Service.

The Head of Housing Service advised that following the implementation of a new feedback function, there was over reporting in the initial phase of implementation with staff inputting day to day service requests as well as concerns as defined by the PSOW leading to a significant increase in the number of concerns recorded. Having taken those mis recorded concerns out, it is estimated that the number of concerns would have been 95, an increase of 42 on the previous year. A common concern was the lack of communication especially in relation to keeping tenants informed about delays to work on properties or work not started. The Service is working on improving communication with tenants and service users. In terms of concerns expressed about the time taken to undertake repairs and maintenance works to properties, the Service has been experiencing issues with a shortage of materials and the unavailability of skilled tradespeople which have resulted in delays in commencing work.

The Head of Regulation and Economic Development commenting on the increase in the number of concerns recorded against the Leisure Service in 2022/23 advised that it was important to set the 48 concerns received in the context of 7,000 members of the service. Many of the concerns expressed relate to customer service which may be a reflection of the inexperience of new staff who are currently undergoing training and their unfamiliarity with the standards of customer service expected. The Leisure Service Manager referred to remedial actions being taken with regard to the use of the Welsh language as part of the learning relating to customer service particularly in Amlwch and Holyhead leisure centres and also in response to specific concerns regarding the quality of swimming lessons and levels of cleanliness.

- That the increase in the number of concerns and the number of repeat concerns of a similar nature may indicate that lessons are not being sufficiently embedded within services and that the issues that prompted those concerns have not been fully addressed.

The Head of Housing Services responded as the service with the highest number of repeat concerns by saying that although the number of concerns recorded for the service has increased, it must be considered in the context of the number of tenants served by Housing Services. The focus is on improving communication with tenants as the main issue including by direct communication rather than indirectly through the customer care team.

- The channels used for communication with service users including digital and social media.

The Head of Housing Service confirmed that a range of channels is used to keep tenants informed including through a tenant newsletter and dedicated portal as well as the Tai Môn Housing Facebook page and more conventionally by e-mail and telephone for one-to-one communications.

The Director of Function (Resources)/Section 151 Officer advised the Committee of the importance of taking into consideration the increased volume of requests, enquiries and demands dealt with by services in the wake of the pandemic and with the onset of the cost-of-living crisis especially so those customer facing services and teams leading inevitably to more complaints being received.

It was resolved –

- **To note the information in the report in relation to the Council's complaints process regarding the Welsh Language (under the Concerns and Complaints Policy), complaints in relation to elected Members and the Whistleblowing Policy/Guidance.**
- **To confirm that the Governance and Audit Committee is satisfied that the report provides reasonable assurance that the Council has appropriate processes in place under its Concerns and Complaints Policy and that Council services are largely compliant with the expectations set out in the said policy.**
- **To request the Council's Leadership Team to review the Customer Service training provided to public facing staff, especially in those services with the highest number of concerns/complaints/late responses and ensures that any recommendations arising from that review are implemented. This review to take place in the context of the revised Customer Service Charter and the revised Concerns and Complaints Policy.**

4. PUBLIC SERVICES OMBUDSMAN FOR WALES ANNUAL LETTER 2022/23

The report of the Director of Function (Council Business)/Monitoring Officer incorporating the Annual Letter from the Public Services Ombudsman for Wales (PSOW) 2022/23 was presented for the Committee's consideration. Since 2006, the PSOW has published an annual report on the work undertaken by her office over the previous twelve months. The PSOW also publishes a separate annual summary of performance for each council under the cover of an annual letter.

The Director of Function (Council Business)/Monitoring Officer presented the report confirming that the Annual Letter relates only to service complaints against the Council which were lodged with the PSOW during 2022/23. The Letter also contains a section on complaints made under the Code of Conduct for Members. The key messages show that 25 service complaints were lodged with the PSOW in the year down from 29 complaints the previous year. Of those, 20 did not require an investigation by the PSOW's Office and 5 of the complaints were dealt with by way of early resolution. One Code of Conduct complaint was made against a member of the County Council but was not investigated and one complaint was also made against a Town/Community Councillor during 2022/23, but the investigation was discontinued. As a council, Anglesey's performance compares satisfactorily with that of other councils in Wales with regard to complaints and remains constant as shown in the table at Appendix A to the Letter.

In addition to requesting that the Letter be presented to the Governance and Audit Committee and the Executive and the outcome of both is shared with the PSOW's Office, the PSOW asks that the Council continues to engage with her Office's complaints standards work, accessing training for the Council's staff, fully implementing the model policy and

providing accurate and timely complaints data. The Director of Function (Council Business)/Monitoring Officer confirmed that those actions are in the process of being implemented as detailed within the report.

The Committee noted that while the number of complaints is relatively low, 24% of those complaints relate to the Council's complaints handling for which it sought an explanation.

The Director of Function (Council Business)/Monitoring Officer advised that in order to address issues with the way the Council deals with complaints and the complaints handling process itself it is proposed that a training strategy is developed and the training needs of staff and Elected Members are assessed and identified as outlined within the report. The issues with complaints handling can be about a late response, an insufficient response, not addressing all aspects of a complaint and/or a failure to fully understand a complaint hence the recommended training programme.

It was resolved –

- **To note and accept the Annual Letter from the Public Services Ombudsman for Wales (PSOW) 2022/23.**
- **To support the implementation of the PSOW's Model Policy.**
- **To support the development of a training strategy.**
- **To support the development of a training needs assessment and the rollout of suitable training as required.**
- **To authorise the Director of Function (Council Business)/Monitoring Officer to write to the PSOW to confirm that the Governance and Audit Committee has given formal consideration to her Annual Letter and agreed to the implementation of elements referred to in her Annual Letter.**
- **To provide assurance that the Council will continue to monitor complaints thereby providing Members with the information required to scrutinise the Council's performance.**

5. EXTERNAL AUDIT: REVIEW OF DEVELOPMENT CONTROL AND PLANNING ENFORCEMENT – ISLE OF ANGLESEY COUNTY COUNCIL

The following documentation was presented for the Committee's consideration -

- The report of Audit Wales on the Effectiveness of Local Planning Authorities in Wales was presented for information. The national review looked at all aspects of local planning authorities and assessed progress in implementing the Planning (Wales) Act 2014 and it provided context for the local review report below.
- The report of Audit Wales on its review of Development Control and Planning Enforcement at the Isle of Anglesey County Council.
- The organisational response to the recommendations of the review report by Audit Wales.

The report of Audit Wales was presented by Mr Euros Lake who advised that the national report highlights some of the challenges facing local planning authorities with regard to overstretched capacity and reducing resources that are having an impact on performance and resilience, and that these themes are replicated at local level. The review of the development control and planning service in Anglesey sought to assess how the Council is addressing these challenges within the service and whether it has an effective and resilient development control and planning enforcement service. Overall the review concluded that

the Council has strengthened the capacity and culture of its planning service but needs greater resilience to overcome future uncertainty. The review found that –

- The Council has well-established corporate arrangements to monitor and learn from past experiences and has invested in the planning service to address poor performance.
- The Council has improved capacity and morale within the service but needs to develop and retain its workforce in order to maintain this progress.
- Significant challenges risk undermining the service's resilience in the medium and long-term.

The report makes four recommendations for further improving the service including improving the Council's ability to mitigate and respond to risks, improving how it considers risks in resource planning, as well as building skills and experience within the planning service which will also help strengthen the Council's business continuity arrangements and improve resilience.

The Head of Regulation and Economic Development provided the service's response to the report and he welcomed the review as timely in light of the historical and current pressures on the service. The challenges faced by Anglesey's planning and enforcement service in relation to resources, capacity and workload are not dissimilar to those facing other planning authorities in Wales. Overall it is felt the report provides a positive evaluation of the progress being made by the planning service in Anglesey albeit that improvement journey has only begun and the service is aware that more work needs to be done. However, it is considered that the service now has robust management and leadership and has set clear priorities for the medium-term. The service accepts the recommendations of the Audit Wales review and an action plan has been agreed. The current service improvement plan will be reviewed to identify outstanding areas and priorities and a revised plan to address those areas will be produced. Work on the current plan is continuing following the disruption caused by the pandemic and although the onset of Covid led to the suspension of activity, the move to virtual working did accelerate the review of culture and practice within the service and in that respect was beneficial. Whilst the risks and concerns pertaining to the service are recorded in the wider service risk register, preparation of the improvement plan will include developing a planning specific service risk register which will be regularly updated and monitored. A skills audit will also be undertaken the output from which will feed into the service's workforce development plan. In terms of resources, the financial situation is challenging and while the service would wish to strengthen capacity it must be realistic about what can be achieved within the resources available. The service will seek to ensure that its staff receive appropriate training and development provision mindful also of the importance of retaining the expertise and specialisms currently within the service.

The Committee in considering the report referred to Exhibit 2 which showed the Council's performance against key national indicators in 2018/29 and noted that it would have been useful to have been able to see the planning service's current performance set out in a similar way benchmarked against that of other planning authorities in Wales. Views were also expressed about the proportion of planning appeals allowed with a question being raised about the importance of local planning policies and the local context in appeal decisions.

Councillor Nicola Robert, Portfolio Member of Planning, Public Protection and Climate Change advised that planning appeals is a complex area but that personally as the Portfolio Holder she was satisfied with current numbers and that work is ongoing in terms of policy interpretation from the perspective of the local planning authority and the inspectorate. Every appeal allowed is reviewed by the service to establish any differences in interpretation.

It was resolved to note the report of Audit Wales on its review of Development Control and Planning Enforcement at the Isle of Anglesey County Council along with the organisational response to the report.

6. EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE QUARTERLY UPDATE

The report of Audit Wales on its Work Programme and Timetable as of 30 June, 2023 was presented for the Committee's information. The report provided an update on the progress and status of Audit Wales's financial and performance audit work comprising of both planned and published studies and included the work of Estyn and Care Inspectorate Wales.

Yvonne Thomas Audit Wales Financial Audit Manager provided an overview of the progress of the financial audit work confirming that the fieldwork in respect of the audit of the Council's 2022/23 statement of accounts is still in progress and that the aim remains to complete that process by the end of November and to report back on the outcome to this Committee in early December 2023. The grant certification process has undergone change with the work on certifying the Teachers' Pension Contributions and Non-Domestic Rates grant claims now being undertaken by a central rather than local team. The fieldwork for certifying the 2022/23 Non-Domestic Rates grants return is underway and the return for Teachers' Pension Contributions for 2022/23 has now been received with the timeline being to complete both audits by the 17 and 30 November, respectively. The audit of the Housing Benefit Subsidy grant return 2020/21 is nearing completion and the draft qualification letter is with the Council for review. Once that work has been finalised any additional testing required in order to be able to complete the 2021/22 Housing Benefit Subsidy grant claim can be identified and the work progressed.

Mr Alan Hughes, Performance Audit Lead reported on the progress of the Performance Audit programme confirming that the completion of the 2022/23 programme is being prioritised along with key pieces of work from the 2023/24 programme. With regard to 2022/23 assurance and risk assessment work, the report on the use of performance information has been drafted and shared for management comment and the interviews in relation to the setting of well-being objectives audit review have been scheduled. The draft local report with regard to the Digital Thematic review is being reviewed. The 2023/24 performance audit reviews are being scoped as outlined in the report and work has begun on the assurance and risk assessment review.

The Director of Function (Resources) confirmed that the draft 2022/23 Statement of the Accounts was completed by the end of June target date which allowed the audit to commence promptly. No issues have been raised hitherto that would put the end of November completion date in doubt.

In response to a query by the Committee about the impact of the revised ISA 315 on the auditors' workload, Yvonne Thomas advised that whilst the revisions to the standard have entailed more work for auditors, additional resources have been put into the process and it is not envisaged that it will be a barrier to the planned completion of the audit at the end of November.

It was resolved to note Audit Wales's Quarter 1 2023/24 Update on its Work Programme and Timetable.

7. ANNUAL TREASURY MANAGEMENT REVIEW 2022/23

The report of the Director of Function (Resources)/Section 151 Officer incorporating a review of treasury management activity in 2022/23 was presented for the Committee's

consideration. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23.

The report set out the following financial outcomes in the 2022/23 financial year –

- External factors including the economic context, interest rate performance and the impact of Covid-19.
- Internal factors including the performance of capital expenditure, the impact on the reserves and cash balances, risk appetite to investments, the borrowing taken by the Council and the impact on the Capital Financing Requirement.
- The Treasury Management Strategy in 2022/23 including debt management, the implementation of the new MRP policy and the Council's borrowing and investments during the year.
- Controlling Treasury Management through Prudential Indicators and how these are managed.
- Comparison of actual Prudential Indicators with the forecast at the beginning of the year
- Prospects for 2023/24 and beyond.

The Director of Function (Resources)/Section 151 Officer referred to the table at paragraph 3.1 of the report which showed the Council's actual capital expenditure for the year – one of the required prudential indicators and how this was financed. The budget was underspent by £14m which is a much-reduced slippage compared to that in previous years with the projects listed in the paragraph accounting for the underspend. The Council's reserves and cash balances are set out at paragraph 3.2 of the report and show useable reserves totalling £59.779m. There was no externalisation of borrowing in the 2022/23 financial year, instead the Council has continued to apply its internal borrowing strategy as investment rates have been below long-term borrowing rates meaning that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and using cash balances to finance new capital expenditure, or to replace maturing external debt. The table at paragraph 3.3.2 of the report show that the Council's internal borrowing position on 31 March, 2023 was £20.3m. During the year, the Council did not enter into any other short-term borrowings. An interest free loan of £1.123m was received in the year to fund capital expenditure on energy saving projects and will be repaid in instalments.

The expected investment strategy was to keep to shorter term deposits although the ability to invest out to longer periods was retained. Investments returns picked up throughout the course of 2022/23 as interest rates rose. The interest budget of £5k that was set for 2022/23 was based on the previous year's interest received. However rising interest rates provided more opportunities for investing surplus cash with average balances of £55.8m returning £0.863m at an average interest rate of 1.55%. The downside to higher interest rates is that borrowing has become more expensive. Details of all new investments in the year with their respective interest rates were provided in the table at paragraph 3.6 of the report. The strategy going forwards is to eschew investing with local authorities as the Council's cash balances are now reducing, more options are available with the banks and because of the financial uncertainty and therefore increased risk surrounding local authorities as a number of councils find themselves in financial difficulties.

The principles of the Council's treasury management strategy for 2022/23 are set out in section 4 of the report together at section 5 with a summary of the agreed prudential indicators and what they mean. Section 6 of the report analyses the difference between actual and forecast Prudential Indicators for 2022/23 and confirms that the Council complied with its legislative and regulatory requirements. This performance shows that the Council's treasury management activities are being undertaken in a controlled way to ensure the

financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.

The Committee was pleased to note and took assurance from the Council's solid financial position and its prudent and considered approach to borrowing and investment which placed it on a stronger footing than many councils which now find themselves in difficulty due to high levels of debt having taken on significant amounts of borrowing. In discussing the report the Committee asked questions about the Council's capital expenditure specifically –

- The discrepancy between the £55m total estimated capital expenditure for 2022/23 noted at paragraph 3 of the report and the ££35.961m noted as the original total capital expenditure under the Prudential Indicators at paragraph 6.
- Whether unspent capital monies are clawed back by Welsh Government
- Whether there is sufficient feedback on the progress of capital projects to ensure the Council has sufficient cash to meet its financial commitments as they fall due.

The Director of Function (Resources)/Section 151 Officer advised that the Council's approach to treasury management has been risk averse in many respects; those councils that are now struggling financially have used their borrowing powers to invest in more high-risk ventures to generate income whilst recent market and economic conditions have meant that the expected returns have not materialised leaving those councils in a highly indebted position. The Council in Anglesey has consistently been careful in its investments and has targeted capital expenditure to priority areas where the need is greatest. It has also been prudent in the use of reserves recognising the need at times to balance budgets without recourse to reserves and to spend on items that it wants to spend on which has maintained a healthy level of reserves balance. The Council's reserves and balances are its "rainy day" funds to help it deal with emergencies and unexpected costs.

With regard to capital expenditure the figure of £35.961m is the original capital budget approved by the Council in March 2022. Added to that subsequently is slippage from the previous year which has been carried over with the approval of the Executive as well as capital grants which are awarded during the year. The capital budget at its starting point as approved by the Council changes over time and those changes are authorised by the Executive sometimes retrospectively in the case of grants that have already been accepted. The Council has been successful in ensuring that all grant funding is spent and it is only on rare occasions that unused grant monies have been returned to Welsh Government. Should a grant funded project be completed under budget then the final grant claim would reflect the fact; in the event of slippage the Council ensures that the grant funder's approval for the revised timetable is obtained so no funds are lost because the conditions of the grant offer were not adhered to. The Council's capital expenditure is monitored quarterly with a higher level of capital spend being incurred in the 2nd and 3rd quarters when weather conditions are more favourable. In terms of cash management the Council carries in the region of £10m in available cash which is enough to meet its immediate ongoing financial commitments, interest is paid on the funds the Council has in its call accounts albeit at a lower rate than were those funds invested for a fixed term.

The Committee made a general point about the complexity of financial reporting requirements which made it difficult for the Council to convey its financial position and how it spends its money in a way that is transparent and understandable to the wider public. The Director of Function (Resources)/ Section 151 Officer advised that local authority financial reporting particularly with regard to its financial statements, is subject to a number of codes of practice and regulations which determine what and how information is reported. It is hoped that through the Council's democratic process, specifically the Governance and Audit

Committee, the Executive and Full Council, elected members are able to provide Anglesey's council taxpayers with assurance that the Council is making the best use of resources.

It was resolved –

- **To note that the outturn figures in the report will remain provisional until the audit of the 2022/23 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in the report will be reported as appropriate.**
- **To note the provisional 2022/23 prudential and treasury indicators set out in the report.**
- **To note the annual treasury management report for 2022/23 and forward the report to the Executive without further comment.**

8. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as at 3 September, 2023 on the audits completed since the previous update as at 31 March 2023 was presented for the Committee's consideration. The report also set out the current workload of Internal Audit and its priorities for the short to medium term going forward. Members of the Committee were provided under separate cover with copies of the following six pieces of assurance work completed in the period in relation to IT Service Continuity – Phishing (Follow Up) (Reasonable Assurance); IT Software Licence Management (Follow Up) (Reasonable Assurance); Fuel Cards (Reasonable Assurance); Modernising Learning Communities Programme (Strategic Risk YM5) (Reasonable Assurance); and Recovery of Council Tax, NNDR and Sundry Debs (Limited Assurance).

The Head of Audit and Risk provided an overview of the report and referred to a seventh piece of work which had been undertaken in the period in relation to the North Wales Regeneration Grant which as an investigative piece of work prompted by a referral from a member of the public, did not carry an assurance opinion. The report outlines the scope and outcome of the investigation. Regarding the Limited Assurance report in respect of the Recovery of Council Tax, NNDR and Sundry Debts, 8 issues /risks have been raised and an action plan agreed with management. Assurance has been provided that there are plans to address the issues/risks identified by January 2024. Internal Audit currently has in progress, 12 pieces of work as listed in the table at paragraph 35 of the report and is making good progress with the Annual Audit Strategy for 2023/24 along with the Counter Fraud, Bribery and Corruption Strategy for 2022-2025. A recent successful recruitment exercise means that the service is now only carrying one vacant post at Senior Auditor level due to a long-term secondment. The resulting budget savings are being used to commission additional external support.

The Director of Function (Resources)/Section 151 Officer set out the context to the Council's approach to debt management and recovery highlighting that the covid pandemic and now the cost-of-living crisis had exacerbated the situation and added to the debt burden and backlog. He described the processes available to the Council in seeking to recover Council Tax, NND and sundry debts and the limitations on those especially in the case of Council Tax where the sanction of imprisonment for non-payment has been removed or in cases of hardship or where vulnerable individuals are concerned such as with social care debts, the need to be sensitive in pursuing such cases. The Revenue Team has been re-structured to clarify debt recovery responsibilities and a review of debt recovery processes has taken place to ascertain how the service can make more effective use of information in terms of extrapolating data from the system and in better establishing the status of debts so that dormant ageing debts which are unlikely to be recovered do not remain on the system for a length of time and can be written off. Bad debts are reviewed to assess whether

circumstances have changed and the debt can be recovered and a bad debt provision is made for debts deemed as unrecoverable the arrangements for which were outlined to the Committee. The internal audit review has confirmed the position as regards the need to strengthen debt recovery processes and procedures and an action plan to that end has been formulated with some of the identified actions already being implemented.

The Head of Audit and Risk confirmed that a follow up review would take place in January, 2024 the outcome of which would be reported to this Committee.

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

9. OUTSTANDING ISSUES/RISKS

The report of the Head of Audit and Risk providing an update on the status of outstanding issues/risks that Internal Audit has raised was presented for the Committee's consideration.

The report was presented by the Principal Internal Auditor who confirmed that as of 31 August 2023, 47 outstanding actions were being tracked by Internal Audit six of which were rated as major (amber) and 41 moderate (yellow) in risk priority. No red or critical issues/risks were raised during the year and none are outstanding. There are currently 5 actions that have reached their implementation date and are now overdue. Four of these (2 major and 2 moderate) relate to an audit of Teachers' Pensions which is now being revisited by Internal Audit as part of a formal follow up. The other action is rated moderate in risk priority and relates to an audit of Supplier Maintenance and Duplicate Payments an update on which is provided in paragraph 12 of the report.

In terms of all outstanding actions irrespective of their due date, Graph 3 shows that 77% have been addressed by management and 75% verified by Internal Audit. The remaining 2% relate to an audit of Galw Gofal which will be formally followed up in December 2023. Where all actions have reached their target date (Graph 4 refers) 97% have been addressed.

Whilst the majority of outstanding actions relate to the current and last two financial years, three issues/risks date back to 2018/19 and 2019/20 all of which are rated moderate or yellow in risk priority. An update on their status and progress is provided in paragraphs 21 and 22. There are no major rated issues/risks dating back further than 2021/22. Where a major rated issue/risk remains unresolved 12 months after the original completion date has passed action owners are asked to attend the Governance and Audit Committee to explain the delay in addressing the issue/risk. There are currently no major rated issues/risks to which this applies.

It was resolved to note the Council's progress in addressing the outstanding Internal Audit Issues/Risks.

10. REVIEW OF FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the Committee's Forward Work Programme and Training Programme for 2023/24 was presented for the Committee's consideration.

The Head of Audit and Risk highlighted the items that had been re-scheduled on the work programme which included the Committee's self-assessment now to be considered at the December 2023 meeting.

It was resolved –

- To accept the Forward Work Programme 2023/24 as meeting the Committee's responsibilities in accordance with its terms of reference and
- To note the changes to the dates on which reports will be submitted.

**Mr Dilwyn Evans
(Chair)**

DRAFT

CYNGOR SIR YNYS MÔN / ISLE OF ANGLESEY COUNTY COUNCIL	
Meeting:	Governance and Audit Committee
Date:	7 December 2023
Title of Report:	Anglesey Schools Annual Information Governance Assurance Report 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 February 2023 to November 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 (January 2023) and provides details regarding the content of and what has been achieved under the *Schools Data Protection Development Strategy 2022-2023*.

The report also provides details of what is contained within the *Schools Data Protection Development Strategy 2023-2024* and progress to date.

Schools Data Protection Officer Statement

Since the last report, issued in January 2023, 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 have begun the process of **monitoring** and **evidencing 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**

during this period, and this has supported schools to improve their practices. More school governors have also received training or have been audience to a data protection presentation which has also improved their understanding of the school's obligations under data protection legislation.

More specific pieces of work need to be completed now, including schools adapting the pre-populated ROPA and Information Asset Register template; ensuring that DPAs are in place for apps and programmes used; creating DPIAs where there is high risk processing and having a *Business Continuity Plan* and *Disaster Recovery Plan* in place.

Schools continue to show that they understand their **responsibilities** and implications as the data controller and the legal expectations that come as a result. Schools continue to 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 continue to seek advice and guidance relating to data protection matters from the Schools Data Protection Officer.

Schools Data Protection Officer Assurance Assessment (November 2023)	Reasonable Assurance
<p>Most schools have now adopted the key data protection policies and are now monitoring their compliance with individual policies. Practices have continued to improve with staff and governors having better knowledge of data protection obligations via training sessions and presentations. Progress has been made in terms of ensuring that schools have the required Data Protection Agreements for apps and programmes used and with upgrading the security of ICT systems and the general security around both physical and electronic data. The majority of schools have Privacy Notices and there is regular communication between the Schools Data Protection Officer and schools via newsletters and annual audit visits. Further work needs to be undertaken on specific pieces of work to ensure that all schools are on the same level of compliance and are closer to be fully compliant and can evidence this.</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**

November 2023

Contents	Page
1. Introduction	3
2. Conclusions and Actions Identified from January 2023 Report	4
2.1. Conclusions Identified from the January 2023 Report	4
2.2. Actions Identified from January 2023 Report	5
3. Schools Data Protection Development Strategy	11
3.1. Schools Data Protection Development Strategy 2022-2023	11
3.1.1. Policies, Guidance, Documents and Templates	11
3.1.2. Data Protection Training	11
3.1.3. Map the Data Flows between the Schools and the Council	13
3.1.4. Data Protection Audit	13
3.2. Schools Data Protection Development Strategy 2023-2024	14
3.2.1. Share New Publication Scheme Template	14
4. On-going Developments and Activities	14
4.1. Schools Data Protection Operational Group	14
4.2. Termly Schools Data Protection Up-Date and Newsletter	14
4.3. Upgrades and Improvements to ICT Arrangements	15
5. Number of Data Breaches, Data Subject Access Requests and Data Protection Complaints	15
6. Secondary Schools Cyber Incident	16
7. Schools Data Protection Officer Statement- November 2023	16
8. Conclusions and Next Steps	17
8.1. Conclusions	17
8.2. Next Steps	18
APPENDIX A- Anglesey Schools Data Protection Development Strategy 2022-2023 (Version 1)	20
APPENDIX B- Schools Data Protection Development Strategy 2023-24- Key Dates for Schools to Action (Version 1)	23
APPENDIX C- Actions Completed as Part of the Internal Work Programme Following Secondary Schools Cyber Incident	25

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 (January 2023) and provides details regarding the content of and what has been achieved under the *Schools Data Protection Development Strategy 2022-2023* and what has been achieved to date under the *Schools Data Protection Development Strategy 2023-2024*.

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 (the Service Level Agreement will be reviewed in March 2024):

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	Special Schools
Ysgol Uwchradd Bodedern	Canolfan Addysg y Bont
Ysgol Uwchradd Caergybi	
Ysgol David Hughes	
Ysgol Gyfun Llangefni	
Ysgol Syr Thomas Jones	

2. Conclusions and Actions Identified from January 2023 Report

2.1. Conclusions Identified from the January 2023 Report

The following were the conclusions identified in the January 2023 Report:

- 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 InTune 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.
- 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.

2.2. Actions Identified from January 2023 Report

The Schools Data Protection Officer identified in the January 2023 report what pieces of work needed to be completed 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.

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 January 2023 Report	Progress to date against identified actions (up until November 2023)	Further work to be undertaken
1	<p>Further progress has been made in terms of adopting key data protection policies, the focus now needing to be on schools monitoring and evidencing their compliance with all individual data protection policies going forward.</p>	<p>The majority of schools have now adopted all of the 14 data protection policies shared.</p> <p>Monitoring and evidencing compliance has been discussed with headteachers/data protection leads during the 2023 annual data protection audit visits.</p> <p>Schools have been provided with a <i>Data Protection Policies Checklist</i> document in December 2022 to support them with monitoring their compliance with key actions within the individual data protection policies. Schools are beginning to use this document as a monitoring tool.</p>	<p>Schools Data Protection Officer will be focusing on the ability of individual schools in evidencing that they have been monitoring their compliance with the data protection policies during the 2024 audit visits (i.e. will be checking if schools have been using the <i>Data Protection Policies Checklist</i> or equivalent).</p>
2	<p>Work needs to be completed on creating DPIAs for specific processing and a package of agreements (DPAs) will be shared with schools to sign.</p>	<p>Progress has been made in terms of agreeing Data Protection Agreements (DPA) for certain apps and programmes.</p> <p>The majority of schools have now confirmed that they have adopted the <i>Schools Data Processing Policy</i>.</p> <p>When schools request to use a new programme, the ICT Service checks with the Schools Data Protection Officer if there are any risks with using particular programmes and whether a DPA is required as part of the due diligence process.</p> <p>DPAs have been created and agreed for 4 programmes (some in partnership with Gwynedd County Council) during this period. DPAs are in the</p>	<p>To continue to prepare Data Protection Agreements where required and to assess any agreements that schools have already signed in order to confirm that they meet expectations.</p> <p>Due to the number of different apps and programmes used by schools and that schools continuously begin to use new programmes; this work will be on-going.</p>

		<p>process of being agreed for a further 3 programmes at present.</p> <p>A Data Disclosure Agreement has also been created and agreed between Anglesey and Gwynedd schools and Betsi Cadwaladr University Health Board for the Pupil Health Screening Programme. This formalises the sharing of information for height and weight measurements, dental surveys, vaccinations, and hearing screening programme. Schools send a list of pupil details to BCUHB so that they can use the data in conjunction with their own lists to confirm accuracy.</p>	
3	<p>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 <i>School Staff Social Media Policy</i> and <i>School Staff E-mail Policy</i>.</p>	<p>A number of training sessions have been held during this period that includes delivering sessions on the content of the <i>School Staff Social Media Policy</i> and <i>School Staff E-mail Policy</i> (please see item 3.1.2 for more information regarding training).</p> <p>The need for individual schools to maintain a central register of which members of staff have attended data protection training and the date attended has been discussed with headteachers/data protection leads during the 2023 annual data protection audit visits.</p>	<p>Further training sessions need to be held so that staff and governors of every school have received data protection training.</p> <p>Schools Data Protection Officer will be asking schools to evidence that they have a register detailing data protection training attendance during the 2024 audit visits.</p>
4	<p>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.</p>	<p>A general DPIA template has been created for relevant schools to adapt for their CCTV system. This is being finalised and will go to the next Schools Data Protection Operational Group meeting for approval.</p>	<p>Following the general DPIA for CCTV template being approved, meetings will then be organised and held with individual schools to adapt the DPIA for their own individual circumstances.</p>

			The development of other general DPIA templates will be created and the Schools Data Protection Officer will continue to support schools with completing any other DPIAs as required.
5	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.	<p>A combined ROPA and Information Asset Register template that has been pre-populated has been developed for both primary and secondary schools to adapt. These are being finalised and will go to the next Schools Data Protection Operational Group meeting for approval.</p> <p>The templates have been created based on the findings of the mapping work around which systems, programmes, and apps that each individual school uses that was completed during late 2021/early 2022. Schools have also been using new programmes and all of these have been included within the templates.</p>	Following the approval of both the primary and secondary ROPA and Information Asset Register template, the Schools Data Protection Officer will be arranging meetings to support schools in adapting the template for their individual needs.
6	Some schools need to dispose of historical documents to ensure that there is no information kept past its retention period. The up-dated <i>Schools Retention Periods Document</i> has been shared with schools to use.	<p>Disposing of historical documents and the importance of complying with the <i>Schools Retention Periods Document</i> has been discussed again with headteachers/data protection leads during the 2023 annual data protection audit visits.</p> <p>The up-dated <i>Schools Retention Periods Document</i> was shared with schools in December 2022 and many schools have been going through and</p>	Schools Data Protection Officer to continue to monitor that schools are reviewing their records and are adhering to the <i>Schools Retention Periods Document</i> . This will be discussed during the 2024 audit visits.

		disposing of documents that have passed their retention period.	
7	A <i>Business Continuity Plan</i> and <i>Disaster Recovery Plan</i> need to be developed and adopted by schools to ensure that access can still be gained to personal data during an incident or disaster.	<p>A draft <i>Business Continuity Plan</i> and <i>Disaster Recovery Plan</i> have been created following discussions in the Schools Data Protection Operational Group.</p> <p>This needs to be finalised and will go to the next Schools Data Protection Operational Group meeting for approval.</p>	Following the approval of the <i>Business Continuity Plan</i> and <i>Disaster Recovery Plan</i> , these will be shared with schools to adopt, and may be adapted to meet the needs of individual schools. The Schools Data Protection Officer will support schools with adapting the plans.
8	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.	<p>The School Management Review (SMR) continues to be used as a monitoring tool. Individual schools confirm on the SMR that they have formally adopted individual data protection policies. A dedicated 'donut' has been developed on the system to make it easier for schools to confirm which data protection policies have been adopted.</p> <p>Individual schools have answered the data protection related questions on the SMR to establish a baseline of where they considered themselves to be against the different elements of data protection compliance at the beginning of the development programme.</p> <p>The corporate CRM system is now used to document what support is provided to schools and the time spent providing the support (e.g. the amount of time spent on creating a DPA is</p>	<p>Following approval of the training questionnaire, to start using this to gain feedback on training sessions provided by the Schools Data Protection Officer.</p> <p>To include feedback and monitoring functions within the new SLA (from April 2024).</p> <p>To continue using the SMR and the corporate CRM system as monitoring tools.</p>

		<p>documented as well as time spent on delivering training).</p> <p>A questionnaire has been developed for headteachers, schools staff and governors to provide feedback on training. This needs to be finalised and will go to the next Schools Data Protection Operational Group meeting for approval.</p>	
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3. Schools Data Protection Development Strategy

3.1. Schools Data Protection Development Strategy 2022-2023

A *Schools Data Protection Development Strategy* for the school year 2022-23 has been developed (please see copy of the strategy in APPENDIX A).

All action points within the *Schools Data Protection Development Strategy 2022-2023* are discussed under the following headings or have already been discussed under item 2.2 above:

3.1.1. Policies, Guidance, Documents and Templates

Schools have received all mandatory and key data protection policies (the final pack of new policies was shared with schools in December 2022). The majority of schools have now adopted all 14 data protection policies and have adopted the new consent form package (which consists of an up-dated version of the consent form for publishing photographs on various platforms and the leaflet that has been produced to explain how *UK GDPR* consent works) that was also shared in December 2022.

An up-dated version of the *Schools Data Protection Policy* was shared with schools to adopt in May 2023. This policy is reviewed on an annual basis as this is a statutory policy. Non-statutory policies are reviewed every two or three years.

Training sessions with headteachers and school staff have been held during this period to ensure that schools understand the content of policies and documents, making 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 are now reviewing their compliance with the data protection policies and are beginning to use the *Data Protection Policies Checklist* document that has been developed. This document supports schools to confirm that they have actioned the main requirements within all of the data protection policies, which supports schools to demonstrate accountability and that they are compliant with data protection legislation.

No new policies are due to be produced or released. The intention to review current policies that were due to be reviewed is on-hold until the new data protection legislation is released (this is expected to come in to force mid 2024). Any changes to current policies will be made in line with the new legislation (*Data Protection and Digital Information Bill (DPDI)*).

3.1.2. Data Protection Training

The following training has been provided to schools by the Schools Data Protection Officer between February 2023 and November 2023:

Nature of Training	Number of Sessions Held
Data protection training for headteachers (including induction/re-familiarising and new data protection policies introduction)	4 (28.02.23, 05.05.23, 03.07.23 & 26.09.23)
Training on the content of the <i>School Staff Social Media Policy</i> and <i>School Staff E-mail Policy</i>	Catchment area- 3 (18.04.23, 07.06.23 & 27.11.23) Individual school- 3 (24.04.23, 01.09.23 & 28.11.23)
Dealing with Information Requests (from Individuals and the Police) and Sharing Personal and Sensitive Information Safely	2 (10.03.23 & 01.09.23)
General data protection training for school staff	Open to anyone- 1 (12.06.23) Individual school- 1 (05.06.23) HMS session- 1 (01.09.23)- with a total of 67 school staff accounts logged in to the session with attendants from 21 primary schools (please note that a number of staff may have attended on one staff member's account).
Total	15

Training sessions have continued to be held with sessions being held with school staff on the content of the *School Staff Social Media Policy* and *School Staff E-mail Policy*. More schools have arranged dates later on in the year for the training to be held.

A data protection presentation has been provided to **6** governing bodies during this period (with one school governing body receiving the presentation for the second time) bringing the total governing bodies who have received the presentation to **25**. The presentation highlights the main requirements and expectations on schools regarding data protection obligations.

Many schools are also completing the data protection module as part of their subscription to the Educare programme.

The training programme 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.

A *Schools Data Protection Training Plan* has been developed for the 2023-24 school year.

This includes a rolling programme of data protection training with sessions being run on a monthly basis for the following training topics. These are open to anyone who would like to attend and are delivered via Microsoft Teams:

- General Data Protection.
- Dealing with Information Requests (from Individuals and the Police) and Sharing Personal and Sensitive Information Safely.
- Dealing with Data Breach Incidents and Information Security.

Posters have been shared for the dates of the training sessions but take up by school staff has been low to date.

The need for individual schools to maintain a central register of which members of staff have attended data protection training and the date attended has been discussed with headteachers/data protection leads during the 2023 annual data protection audit visits. This will make reporting on the number of school staff that have attended data protection training easier to collate and will support schools with evidencing their accountability by ensuring staff are aware of their responsibilities.

3.1.3. Map 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, and progress has been made with creating agreements.

3.1.4. Data Protection Audit

In the period between March 2023 and October 2023, the Schools Data Protection Officer visited **44** of the 45 individual schools to review data protection compliance and arrangements, spending approximately **93 hours** within schools. The last school has scheduled a visit for next month.

Schools have or are due to receive a report following on from the visit detailing progress within different areas and an overall risk score has been provided. Actions that need to be taken have also been included within the report.

It is evident that progress is continued to be made in terms of data protection compliance. Schools have adopted key data protection policies and are now in the process of monitoring their own compliance with these policies; schools have overarching Privacy Notices; schools have further improved the security around their personal data both physically and electronically; more school staff and governors have received general data protection training and more specific themed data protection training and more schools have agreements in place with data processors used for different apps and programmes. 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.

The next audit visits are planned to take place between March and June 2024.

3.2. Schools Data Protection Development Strategy 2023-2024

A Schools Data Protection Development Strategy 2023-24 has been developed for the current school year (please see copy of the strategy in APPENDIX B).

The following contains details regarding progress so far regarding actions that are additional to those contained under items 3.1 and 2.2:

3.2.1. Share New Publication Scheme Template

The current Publication Scheme template needs to be reviewed and needs to focus more on the actual documents and information that schools publish. A draft has been developed but needs to be shared with the Schools Data Protection Operational Group for their input and for their approval.

Following approval of the template, this will be shared with schools to adapt to reflect their individual circumstances and will need to be adopted and be publicly available (to be shared on school websites or via other appropriate means).

The Schools Data Protection Officer will be offering support for schools to adapt the template.

4. On-going Developments and Activities

4.1. Schools Data Protection Operational Group

A Schools Data Protection Operational Group was established in April 2022 and has continued to meet on a regular basis.

The group is a forum where schools can provide input and feedback on data protection matters and developments.

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.

4.2. Termly Schools Data Protection Up-Date and Newsletter

The Schools Data Protection Officer provides regular up-dates to schools which includes sharing a termly newsletter. To date, schools have received **7** newsletters, with **3** being received during this reporting period (April, June, and September).

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 Schools ICT 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.

Content continues to be added to the data protection page on the Learning Service microsite where all current policies, guidance and templates are available for schools to use.

4.3. Upgrades and Improvements to ICT Arrangements

ICT upgrades and improvements have continued during this period and has an impact on the data protection programme.

All schools have now enabled Muti Factor Authentication (MFA) on relevant HWB accounts of staff to improve security when accessing HWB from home. This has also taken place for many HWB accounts for school governors. This has been undertaken as part of the national programme by HWB.

All primary schools have transferred to InTune, and work is being undertaken in the secondary schools at present. This improves access security on school devices.

5. 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:

	February 2023 – November 2023	November 2021 – January 2023
Number of reported data breaches	15 (with 3 being reported to the ICO)	9 (with 0 being reportable to the ICO)
Number of data subject access requests	18 (with 9 being advice only and 9 involving preparing/checking data)	9
Number of data protection complaints	0	2

There are more reported data breaches in this period than the previous reported period. This can be due to schools having better understanding of what is defined as a data breach and the need to inform the Schools Data Protection Officer when an incident has taken place. The ICO has confirmed that no further action is required for

2 of the data breaches reported and the ICO has not yet provided its findings for the third incident.

The number of data subject access requests that schools have received has increased significantly during this period. Individuals or parents have been exercising their rights much more and schools have been contacting the Schools Data Protection Officer. Some schools have asked for advice, and some have asked for support with preparing the relevant personal data or checking that the school has correctly redacted or has applied the correct exemptions within their responses.

No complaints have been received via the ICO during this period.

6. 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 Llangeffni; 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) due to the possible risk to the highly sensitive records held by the schools.

Following the incident, an internal work programme was formed that contained several important and far-reaching remedial steps to address various technical and information governance elements that were deficient.

The ICO shared its outcome with the Council in May 2023 and confirmed that no further intervention is required by them.

It is clear that the Council's ability to recognise and identify what needed to be adopted and improved upon was acceptable to the ICO, and that this has prevented further intervention. Additionally, the ICO offered encouragement to continue with the technical and data protection governance improvements in the schools, which has taken place via the Schools Data Protection Officer and the Council's ICT Service officers.

For details of all progress in terms of data protection governance and ICT improvements since the incident, please see APPENDIX C.

7. Schools Data Protection Officer Statement- November 2023

Since the last report, issued in January 2023, 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 have begun the process of **monitoring** and **evidencing 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** during this period, 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.

More specific pieces of work need to be completed now, including schools adapting the pre-populated ROPA and Information Asset Register template; ensuring that DPAs are in place for apps and programmes used; creating DPIAs where there is high risk processing and having a *Business Continuity Plan* and *Disaster Recovery Plan* in place.

Schools continue to show that they understand their **responsibilities** and implications as the data controller and the legal expectations that come as a result. Schools continue to 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 continue to seek advice and guidance relating to data protection matters from the Schools Data Protection Officer.

Schools Data Protection Officer Assurance Assessment (November 2023)	Reasonable Assurance
<p>Most schools have now adopted the key data protection policies and are now monitoring their compliance with individual policies. Practices have continued to improve with staff and governors having better knowledge of data protection obligations via training sessions and presentations. Progress has been made in terms of ensuring that schools have the required Data Protection Agreements for apps and programmes used and with upgrading the security of ICT systems and the general security around both physical and electronic data. The majority of schools have Privacy Notices and there is regular communication between the Schools Data Protection Officer and schools via newsletters and annual audit visits. Further work needs to be undertaken on specific pieces of work to ensure that all schools are on the same level of compliance and are closer to be fully compliant and can evidence this.</p>	

8. Conclusions and Next Steps

8.1. Conclusions

- Progress continues to be made in relation to the actions within the *Schools Data Protection Development Strategy* and all schools becoming fully compliant with data protection legislation.
- Most schools have now adopted the key data protection policies and are now monitoring their compliance with individual policies.
- The majority of school staff have now received data protection training at least once with many schools having received more themed training. Many school governors have also been provided with a presentation and have improved their understanding of the school's data protection obligations.
- Schools continue to have an in-put into developments and pieces of work undertaken to progress the data protection programme via the Schools Data Protection Operational Group.
- Progress continues with upgrading and strengthening ICT systems, infrastructure and security with MFA being enabled on staff and governors' HWB accounts and with the roll out of InTune.
- Most schools 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 individual schools to monitor compliance with data protection obligations again this year which provides an invaluable insight of where individual schools are up to in terms of compliance and in highlighting what support is needed.
- Further progress has been made, but to continue reviewing and creating suitable Data Processing Agreements for all current and new apps and programmes used by schools.

8.2. Next Steps

- To monitor that schools are monitoring their own compliance with all data protection policies.
- To continue to create and review Data Processing Agreements for current and new apps and programmes, including agreements for apps and programmes where the Council is also involved.
- To continue delivering general and specific data protection training to all school staff and governors as this has contributed to ensuring that everyone within the school structure is aware of their data protection responsibilities.
- To continue to monitor that all schools have safely disposed of historical documents to ensure that there is no information kept past its retention period.
- 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.
- A pre-populated ROPA and Information Asset Register template for primary and secondary schools have been created and needs final approval so that schools can adapt for their individual needs. Sessions to be held to support schools to adapt the template.

- To finalise the *Business Continuity Plan* and *Disaster Recovery Plan* and share with schools to adopt.
- To finalise and adopt monitoring functions 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.
- To complete a piece of work to confirm which records need to be transferred from primary to secondary school to ensure there is a clear and uniform process for all schools to use.
- To create a new Publication Scheme template for schools to adapt and to adopt.
- To review the current Service Level Agreement for the Schools Data Protection Officer service that is due to end on the 31 March 2024.
- To re-score the answers for the GDPR questions on the School Management Review in order to provide a current picture following actioning the actions within the *Schools Data Protection Development Strategy*. Schools Data Protection Officer to hold sessions to provide support to headteachers to re-score the answers.
- To prepare for the changes that will occur as a result of the *Data Protection and Digital Information Bill (DPDI)* being passed and replacing the *UK GDPR* and *Data Protection Act 2018*. To make changes required to policies, key documents and training and ensure that schools are fully aware of the changes and are compliant.

APPENDIX A

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).

APPENDIX B

SCHOOLS DATA PROTECTION DEVELOPMENT STRATEGY 2023-24

KEY DATES FOR SCHOOLS TO ACTION

VERSION 1

Month action begins	Action	Date action needs to be completed by
<p>October 2023</p>	<ul style="list-style-type: none"> • Amend Schools Record of Processing Activities (ROPA) and Information Asset Register Template (pre-populated) in order to reflect the school’s specific data protection arrangements. Group/individual sessions will be held where the Schools Data Protection Officer will be providing support to schools to adapt the template. • (If relevant)- Complete CCTV DPIA- the Schools Data Protection Officer to hold meetings with individual schools to complete CCTV DPIA amended from the standard CCTV DPIA template. 	<p>Each individual school with a ROPA and Information Asset Register and has confirmed this on the School Management Review by 09.02.24</p> <p>All schools that have a CCTV system with a current CCTV DPIA for their individual school by 09.02.24</p>
<p>February 2024</p>	<ul style="list-style-type: none"> • Schools to adopt the latest versions of the data protection policies and guidance that have been reviewed: <ul style="list-style-type: none"> ○ Schools Data Protection Policy ○ Schools Information Security Policy ○ Schools Data Breach Policy ○ Schools Governing Body Data Protection Guidance ○ Schools Data Breach Guidance 	<p>Schools have adopted and confirmed on the School Management Review by 24.05.24</p>

<p>April 2024</p>	<ul style="list-style-type: none"> • Schools to accept the new version of the Service Level Agreement for the Schools Data Protection Officer service (current agreement expires on the 31 March 2024) • To re-score Answers for the GDPR Questions on the School Management Review in order to provide a current picture following actioning the actions within the Schools Data Protection Development Strategy. Schools Data Protection Officer to hold sessions to provide support to headteachers to re-score the answers. 	<p>Schools to accept and sign the new Service Level Agreement by 24.05.24</p> <p>Sessions held and every school re-scored by 28.06.24</p>
<p>March 2024 - June 2024</p>	<ul style="list-style-type: none"> • Conduct Annual Data Protection Audit- Schools Data Protection Officer to visit each individual school to review data protection arrangements and compliance. To focus if schools can evidence that they are monitoring their compliance with all of the data protection policies. 	<p>Schools Data Protection Officer completed every visit to each individual school by 28.06.24</p>

APPENDIX C

Actions Completed as Part of the Internal Work Programme Following Secondary Schools Cyber Incident

1. Overview

Following the incident in June 2021, an internal work programme was formed that contained several important and far-reaching remedial steps to address various technical and information governance elements that were deficient. Technical and data protection governance improvements have been led by the Schools Data Protection Officer and the Council's ICT Service officers.

2. Data Protection Governance Improvements

No	Actions and Improvements	Progress Since July 2021
1	To up-date current data protection policies and to create new policies.	<p>A total of 14 data protection policies have been either updated following the adoption of the <i>UK GDPR</i> or created as new policies for schools:</p> <ul style="list-style-type: none"> • Schools Data Protection Policy. • Schools Data Breach Policy. • Schools Information Security Policy. • Procedure for Sharing Information with Police Authorities in the United Kingdom (Gwynedd & Anglesey). • Schools Data Subject Access Request Policy. • Schools Data Processing Policy. • Transferring School Records to the Anglesey Archives Policy. • Schools Data Protection Impact Assessment Policy. • Schools CCTV Policy. • Schools Record Management Policy. • Schools E-Safety Policy. • School Staff E-mail Policy. • School Staff Social Media Policy. • Taking Photos for the Purpose of School Publicity Policy. <p>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.</p>
2	To ensure school staff and governors have received data protection training and	Training sessions have been held with headteachers, school staff and governors. A total of 51 training sessions have been held

	are aware of their responsibilities in terms of data protection compliance.	between July 2021 and November 2023 and 25 governing bodies have been audience to a data protection presentation.
3	To use the School Management Review (SMR) to monitor compliance and to confirm which policies have been adopted by schools.	The School Management Review was used to gain baseline information regarding compliance and is used to monitor which schools have adopted which data protection policies.
4	To create a Service Level Agreement between schools and the Council for the Schools Data Protection Officer service.	A Service Level Agreement was created and shared with schools to sign in November 2021 following a period of consultation. The current SLA will be reviewed in March 2024.
5	To map the data flow between the schools and the Council.	A group was established to look at contracts and the processes in place between schools and the Council to identify where an agreement is required. Work is on-going with this workstream.
6	To review arrangements with Data Processors and create/review Data Processing Agreements where required.	Mapping work around which systems, programmes, and apps that each individual school uses has been completed. This has provided information whether schools already had appropriate data protection agreements in place and further work has been completed to create new Data Protection Agreements where needed and when new apps and programmes are used. Work is on-going with this workstream.
7	To create a Record of Processing Activities (ROPA) Package and Information Asset Register Package.	A guidance on how to create a ROPA was developed. Instead of providing a template for schools to complete themselves, the Schools Data Protection Officer has instead been developing a pre-populated ROPA template for schools to adapt (both a primary and secondary version). This also includes an Information Asset Register. These have been developed using the information gathered from the mapping exercise regarding which systems, programmes, and apps used. The templates are ready to be approved and sessions will be held to support schools with adapting the templates.
8	To create a Schools Data Protection Impact Assessment Package.	A risk register template and risk matrix were developed and shared with schools to support individual schools with identifying and monitoring data protection risks.
9	To complete Data Protection Impact Assessments.	A general DPIA template has been created for relevant schools to adapt for their CCTV system. Work is on-going with this workstream.

10	To create a consent form package.	The current consent form for publishing photographs on various platforms has been reviewed and updated and a leaflet has been produced to explain to pupils and parents how <i>UK GDPR</i> consent works.
11	Conduct a data protection audit.	The Schools Data Protection Officer has visited each individual school to review data protection compliance and arrangements both in 2022 and 2023.
12	Discuss schools' data protection matters with the Primary and Secondary Forums and share the school's data protection update newsletter.	The Schools Data Protection Officer provides regular up-dates to schools which includes sharing a termly newsletter. There is also a schools data protection section within the school governors' bulletin and regular up-dates and information relating to data protection are provided via the Learning Service weekly bulletin. The Schools Data Protection Officer is regularly invited to attend the Primary and Secondary Schools Strategic Forum meetings and is also a member of the Schools ICT Forum and the Improving Processes and Systems Working Group. There is a data protection page on the Learning Service microsite where all current policies, guidance and templates are available for schools to use, and a Schools Data Protection Operational Group has been established.

3. ICT Improvements

The following are improvements suggested by the company that supported the Isle of Anglesey County Council following the secondary schools cyber incident (NCC Group).

As part of the response to the incident, it was decided to move the equipment used by schools to Microsoft InTune. The migration has been completed for the primary schools and Canolfan Addysg y Bont, with work being started on the migration of secondary schools.

No	Suggested Improvements	Progress to Date
1	Upgrade from legacy operating systems	By migrating to InTune, current versions of Windows installed or the computer has been de-commissioned if installing updates was not possible.
2	Implement Multi Factor Authentication (MFA)	MFA in place via InTune. Any requests to log in from outside of the school network needs MFA.
3	Disable legacy e-mail protocols (IMAP & POP3)	This has been addressed by the use of the HWB e-mail system.

4	Up-to-date anti-virus scan	All equipment that have been migrated to InTune receive Defender up-dates.
5	Microsoft local administrator password solution	Equipment have administrator accounts that are unique and complicated, details are securely stored by the ICT team.
6	Remote desktop hardening	Remote Desktop has been disabled.
7	Restrict internet access	Access to the internet has been disabled from servers.
8	Deploy Endpoint Detection and Response (EDR)	Need to prepare a business case once the secondary schools migration has been completed.
9	SIEM solution	SIEM has been installed corporately, work has begun to look at importing school data.
10	Account privileges	Accounts on equipment are not administrator accounts.
11	Review patch management	Updates are managed via InTune settings and the infrastructure team are organising updates for other packages as needed.
12	Review potentially unwanted programmes	All computers reconfigured and only software that is approved is installed.

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	7 DECEMBER 2023
SUBJECT:	STATEMENT OF ACCOUNTS 2022/23
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W. WILLIAMS – DEPUTY COUNCIL LEADER & PORTFOLIO HOLDER - FINANCE
LEAD OFFICER(S):	R MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
CONTACT OFFICER(S):	CLAIRE KLIMASZEWSKI ClaireKlimaszewski@ynysmon.gov.wales
Nature and reason for reporting	
Covering report for the presentation of the Statement of Accounts, commenting on the main issues arising since presentation of the draft Statement of Accounts 2022/23.	

1. Background

- 1.1 The Isle of Anglesey County Council's draft Statement of Accounts 2022/23 was presented to the Council's external auditors, Wales Audit Office, for audit on 30 June 2023. The detailed audit work is now substantially complete, subject to a final review of the post-audit amendments made to the accounts. The financial position of the Council is not expected to change further and the review is likely to result in minor amendments to the narrative or the notes to the accounts. Should any significant issues arise in this review, Wales Audit Office will provide a verbal update to Full Council and retrospectively to this Committee at a future date.
- 1.2 Subject to the Isle of Anglesey County Council's confirmation, the Accounts will be signed by the Director of Function (Resources) / Section 151 Officer and the Council's Chairman and will be published following the receipt of the Auditor's final opinion.

2. Revised Welsh Government Deadline

- 2.1 The statutory deadline for the completion of the Audited Accounts for the financial year 2022/23 was extended to 31 December 2023 for all Welsh Councils.

3. Amendment to the Accounts since the Draft Accounts were published in June 2023

- 3.1 Audit Wales conducted a thorough review, testing and audit of the financial transactions in relation to 2022/23 and of the draft Statement of Accounts. The timescale for closing the accounts and the production of the Statement of Accounts is limited. A detailed audit is therefore essential to provide assurance that the Statement of Accounts is materially correct and represents a true and fair view of the financial performance for the year. New audit standards were implemented for 2022/23 and beyond which resulted in changes to how the audit was conducted, with a focus on more material and high-risk areas in addition to testing accuracy and completeness as usual.
- 3.2 The audit testing identified some changes needed and some errors which the Audit team recommended were amended to ensure that the Accounts are materially correct. A summary of the material changes or corrections is included in WAO ISA260 Audit report in Appendix 3.

- 3.3** One of the audit adjustments impacted on the Council's revenue outturn 2022/23. This related to a reduction of £72k in the amount of the value held in creditors for the value of cash the Council holds on behalf of the Isle of Anglesey Welsh Church Act Fund. This increased the underspend for the year 2022/23 from £1.212m to £1.284m. It is not possible for the auditor to test every transaction making up the Council's accounts, but their risk based strategy and materiality level and the fact that their testing only found this one error, does provide the Committee with assurance that the revenue account does not contain any material errors or misstatements.
- 3.4** The change to note 5 in relation to events after the reporting period relates to information about two schools affected by RAAC which emerged at the start of the academic year 2023.
- 3.5** The local government pension scheme remeasurement resulted in a net pension asset instead of a significant net liability as usual due to the impact of increased interest rates on the discount factor used by the actuary. This resulted in uncertainty for all councils in relation to how this was treated in the accounts due to stricter rules on the reporting net pension assets. The accounting rules stipulated that no pension asset should be reported in certain circumstances or a limit on the net pension asset was prescribed in certain circumstances. This was correctly reported on the balance sheet as nil. This resulted in a write off of the net pension asset of £19.814m which was included in the other comprehensive income and expenditure line on the Comprehensive Income and Expenditure Statement (CIES). However, Audit Wales highlighted that this value should be shown separately as it was an exceptional material event which was therefore amended on the CIES.
- 3.6** The majority of the remaining changes highlighted in appendix 3 of the ISA 260 audit report relate to changes to how items were classified on the balance sheet, some of which were due to interpretation differences. There were also some omissions due to the time constraints when producing the draft Statement of Accounts. This highlights the importance of detailed testing and audit of the annual accounts by Audit Wales.

4. Recommendations

- 4.1** It is proposed that the Governance and Audit Committee makes a recommendation to the County Council to confirm the acceptance of the 2022/23 Final Statement of Accounts presented in Appendix 1.
- 4.2** The Governance and Audit Committee note that any subsequent changes to the Statement of Accounts will be agreed by the Director of Function (resources) / Section 151 Officer and reported to the Full Council prior to the formal acceptance of the 2022/23 Statement of Accounts.

/23

Ynys Môn

THE ISLE OF Anglesey

Statement of Accounts 2022/23



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Contents

Reference	Description	Page
	Narrative Report	1
	The Statement of Responsibilities for the Statement of Accounts	9
	Audit Report	10
	Comprehensive Income and Expenditure Statement	14
	Expenditure and Funding Analysis	15
	Movement in Reserves Statement	16
	Balance Sheet	17
	Cash Flow Statement	18
	Note to Accounts	19
Note 1	Note to the Expenditure and Funding Analysis	19
Note 2	Accounting Standards that have been issued but have not yet been adopted	20
Note 3	Critical judgements in applying Accounting Policies	20
Note 4	Assumptions made about future and other major sources of estimation uncertainty	20
Note 5	Events after Balance Sheet date	21
Note 6	Adjustments between accounting basis and funding basis under Regulations	23
Note 7	Earmarked Reserves	25
Note 8	Capital Receipts Reserve	27
Note 9	Unusable Reserves	27
Note 10	Other Operating Expenditure	30
Note 11	Financing and Investment Income and Expenditure	30
Note 12	Taxation and Nonspecific Grant Income	30
Note 13	Non-current Assets – Property, Plant and Equipment (PPE)	31
Note 14	Significant Capital Commitments	34
Note 15	Heritage Assets	34
Note 16	Investment Properties	35
Note 17	Capital Expenditure and Financing	36
Note 18	Debtors	37
Note 19	Cash and Cash Equivalents	38
Note 20	Creditors	38
Note 21	Provisions	38
Note 22	Cash Flow from Operating Activities	39
Note 23	Cash Flow from Investing Activities	39
Note 24	Cash Flow from Financing Activities	39
Note 25a	Expenditure and Income Analysed by Nature	40

Reference	Description	Page
Note 25b	Segmental Income	40
Note 26	Members' Allowances	41
Note 27	Officers' Remuneration	41
Note 28	Exit Packages	43
Note 29	External Audit Fees	43
Note 30	Grants Income	44
Note 31	Related Parties	46
Note 32	Trust Funds	50
Note 33	Teachers' Pension Scheme	51
Note 34	Local Government Defined Benefit Pension Scheme	52
Note 35	Financial Instruments	57
Note 36	The Nature and Extent of Risks arising from Financial Instruments	61
Note 37	Joint Committees and Pooled Budgets	66
Note 38	Agency Arrangements	68
Note 39	Council Tax	69
Note 40	Non-Domestic Rates (NDR)	70
Note 41	Accounting Policies	72
HRA Account	Housing Revenue Account (HRA) - Income and Expenditure Statement - Statement of Movement on the HRA balance Notes to the HRA	96
Appendix 1	Related Party disclosure – Stakeholder representation with third party organisations	100
Appendix 2	Glossary	102

Narrative Report

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties, clear information about the Council's finances.

This narrative report, which is a key section of the accounts, aims to provide an effective guide to the most significant matters reported in the accounts. This is in order to provide a fair, balanced, and easy to understand explanation of the Council's financial position and to assist in the interpretation of the financial statements.

The Accounts and Audit (Wales) Regulations 2014 came into force on 31 March 2015, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require Welsh Local Authorities to prepare a Statement of Accounts in accordance with these regulations and proper practices.

The Statement of Accounts consist of: -

Core Financial Statements: -

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

1. **The Comprehensive Income and Expenditure Statement (CIES)** – shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
2. **Expenditure and Funding Analysis (EFA)** – shows the information in the CIES but also provides the accounting adjustments which are cancelled out in Note 6 to ensure that these adjustments are not funded by Council Taxpayers. The first column of the Expenditure and Funding Analysis provides the real impact of the year's financial performance on the Council and HRA's balances and reserves.
3. **The Movement in Reserves Statement (MIRS)** – shows the movement in the year of reserves held by the Council, analysed between 'usable' and 'unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.
4. **The Balance Sheet** – shows the value as of the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.
5. **The Cash Flow Statement** – shows the changes in cash and cash equivalents of the Council during the reporting period.

The Isle of Anglesey County Council Vision and Priorities

The Isle of Anglesey County Council is a unitary authority and serves a population of approximately 69,000, situated on the north coast of Wales with an area of 276 square miles. Anglesey is by far the largest island in Wales, and the seventh largest in the British Isles. Anglesey is also the largest island in the Irish Sea by area, and the second most populous island in the British Isles.

The Council is a politically led organisation and has adopted a Leader and Cabinet model. The Council had 35 elected Members representing 14 multi-Member wards on 31 March 2023. Elections were held on 5 May 2022 for all Council seats, following which the successful candidates formed the full Council, which will remain in place until early May 2027. Plaid Cymru is the controlling party in the Council with more Plaid Cymru Councillors than any other group or party.

The Council Plan 2022/23

The Council Plan 2022/23 was published to help the Council plan for the transition into learning to live with Covid-19. The plan informs the decision-making process at all levels in the Council, and: -

- Sets the framework we use to plan, drive, and deliver our services;
- Influences how and the way that we shape our budget annually; and
- Helps to monitor progress and assess what we achieve annually.

The key theme throughout the plan is the ambition to work collaboratively with our fellow citizens, communities, and partners to ensure high quality services that will improve the quality of life for everyone on the Island.

The priorities that the Authority has set itself during 2022/23 were: -

- Re-energising the local economy and embedding positive economic change;
- Enabling the visitor and hospitality sectors to capitalize on the Island's increased popularity, whilst protecting our assets and communities;
- Maintaining and modernising critical community services, such as care and education, across the Island.

The plan summarises the actions the Council undertook in response to the Pandemic and acknowledges that adapting for the next stage in the response to the virus with reduced restrictions and increased uncertainty will continue to be challenging, and the above priorities were developed with this in mind. The plan also highlights the Council's continuing commitment to achieving the Council's well-being objectives and national goals which will help the Council achieve its vision of "an Anglesey which is healthy and prosperous where families can thrive".

The Council Plan 2023/28 has recently been completed following widespread consultation. The plan highlights that the Council's long-term vision continues as "Creating an Anglesey which is healthy and prosperous where people can thrive". The strategic objectives of the new Council plan are:

- To increase opportunities to learn and use the Welsh language;
- To protect and support the vulnerable;
- To raise educational attainment and achievement;
- To work with partners to increase quality, affordable and accessible homes;
- To promote opportunities to develop the island's economy;
- To respond to the climate change crisis, tackle change and work towards being a net zero organisation by 2030.

The Council Plan 2023/28 can be found on the website at the web address:

[Council Plan and performance \(gov.wales\)](https://gov.wales/council-plan-and-performance)

Financial Scenario

All 22 councils in Wales received a better-than-expected funding settlement from Welsh Government for 2022/23, at an all-Wales average of an increase of 9.4%, with Anglesey receiving an increase of 9.2%. This helped the Council increase funding for demand-led services, such as social care, and to increase capacity in services which had been subject to nearly a decade of budget cuts. In addition, to fund certain policy decisions that the Welsh Government wish Councils to implement, the main one being the funding of the real living wage for care staff.

This funding was confirmed prior to the war in Ukraine, which has led to significant widespread price increases due to the impact of the war on energy, food and material prices. These increases have then resulted in increases in the general level of inflation and subsequently has increased pay settlements above what had been factored into the 2022/23 revenue and capital budgets. These additional costs have placed an additional strain on the Council's financial resources. The final settlement for 2023/24 reflected the cost pressures faced by the Council, with the Aggregate External Finance received from Welsh Government rising by 7.9% The Council has budgeted to use part of its council balances to fund the budget 2023/24 but this will not be sustainable, costs and the demand for Council services continues to rise at a greater rate than the rise in funding. There are still significant risks for the Council in 2023/24 due to continuing high prices.

There is still a significant level of uncertainty surrounding the financial position for 2024/25, but the current expectation is that the funding available will be insufficient to fund the current level of service at the anticipated costs for 2024/25.

The Council will continue to look for ways to improve services, making them more efficient and of the best quality. These improvements include continuing to modernise the way we work.

There are many challenges ahead, with the biggest challenges for the Authority, its partners as well as communities, being the continuing catch-up for the wide-reaching health, wellbeing, and economic impact of the Coronavirus. The cost of living rises and significant inflationary pressures are creating another major widespread crisis at a time when the Council and stakeholders including the residents of Anglesey were starting to recover from the effects of the Pandemic.

The Budget

The Council's Budget and Medium-Term Financial Strategy for 2022/23 was adopted by the Council at its meeting on 10 March 2022, and it provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The Medium-Term Financial Strategy is available at: -

[MTFP English COUNTY COUNCIL - 10 MARCH 2022 - MTFP - ENGLISH FINAL - 03-03-22.pdf \(anglesey.gov.uk\) – item 10.](#)

The settlement was better than anticipated during the majority of the budget planning stage and provided the Council with £114.551m, which was an increase in cash terms of £9.679m (9.2%). The Council resolved to increase the Band D Council Tax by 2%, which increased the charge for a Band D property to £1,367.46.

The revenue budget was set at £158.367m. The Council also resolved to approve the Capital Strategy 2022/23 and the Initial Capital Programme 2022/23 of £35.961m, as well as the Treasury Management Strategy Statement for 2022/23.

Budget Monitoring

The Council has a well-established procedure for monitoring the budgets. This allows the Council to mitigate any overspending and provide additional funding from reserves for instances where demand for service is required. Both the Revenue and Capital information, alongside HRA, are reported to the Finance Scrutiny Subgroup, the Scrutiny Committee and then the Executive on a quarterly basis, which facilitates a level of challenge as well as being able to mitigate and impacts that are likely to occur for services.

Performance

<https://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=134&MIId=4025&Ver=4&LLL=0>

Agenda Item 5

Revenue Expenditure 2022/23

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. In 2022/23, the Council reported an underspend of £1.284m against a planned activity of £158.367m (net budget).

The table below reflects the final budget for 2022/23 and actual income and expenditure against it: -

Services	Annual Budget £'000	Outturn £'000	Variance £'000
Education, Young People and Skills	58,088	57,882	206
Adult Services	30,583	30,530	53
Children's Services	12,342	13,331	(989)
Housing	1,970	1,970	-
Highways, Waste, Property	17,727	15,758	1,969
Regulation	4,972	4,841	131
Transformation	6,621	6,280	341
Resources	3,622	3,506	116
Council Business & Corporate Finance	22,442	22,985	(543)
Total Council Fund	158,367	157,083	1,284

The impact of an underspend means that the Council increased its general reserves by £1.284m. In addition to this, the net impact of funding released from general balances during the year and the release of earmarked reserves back to general balances was an increase of £477k in the level of general balances. As at 31 March 2023, the level of general balances stood at £14.039m, an increase of £1.761m (14.3%).

Summary of Movements in Council Reserves 2022/23

	Council Fund General Reserve	Council Fund Earmarked Reserves	Housing Revenue Account (HRA) Reserve	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2021	(12,278)	(23,181)	(12,333)	(7,827)	(2,381)	-	(58,000)
Net over / (underspend) 2021/22	(1,284)	-	226	-	-	-	(1,058)
Council Balance after over / (underspend)	(13,562)	(23,181)	(12,107)	(7,827)	(2,381)	-	(59,058)
Net transfers from/(to) Reserves for approved funding	(477)	3,544	-	1,111	473	(407)	4,244
General Reserve Balance at 31 March 2022	(14,039)	(19,637)	(12,107)	(6,716)	(1,908)	(407)	(54,814)

Capital Expenditure

The capital programme supports the Council's wider objective to deliver services and to support economic growth.

In March 2022, the Council approved a Capital Programme for non-housing services of £17.177m for 2022/23, and a Capital Programme of £18.784m for the Housing Revenue Account (HRA). In addition, in June 2022, the Executive approved capital slippage of £11.242m to be brought forward from 2021/22, bringing the Capital Programme for non-housing services to £28.419m and £18.784m for the HRA. Since the budget setting process, there have been additional schemes added to the programme, most of which are grant funded, which amounted to £11.111m, along with the HRA budget being reduced by £3.750m. This brings the total Capital budget for 2022/23 to £54.564m.

The programme has made steady progress in year, achieving a delivery rate of 75%. It is expected that most of the remaining schemes will be delivered in the next financial year. From this total spend of £40.690m, £26.722m was capitalised and added to the value of assets in the Council's Balance Sheet. The remainder was charged to the Comprehensive Income and Expenditure Statement, as it was either in support of assets that are not in direct Council ownership (£2.488m) or did not increase the value of the capital assets (£11.480m).

The table below details the expenditure that has been capitalised, per service: -

Services	2022/23 £'000	2021/22 £'000
Education, Young People and Skills	12,799	8,833
Adult Services	403	923
Housing	700	1,019
Housing HRA	11,180	9,723
Highways, Waste, Property	7,264	9,700
Regulation	7,321	2,465
Transformation	1,023	794
Total Council Fund	40,690	33,457

A note of the Authority's current borrowing facilities and capital borrowing: -

Funded By	2022/23 £'000	Percentage %
Unsupported Borrowing	4,009	9.85%
Supported Borrowing	2,757	6.78%
Capital Grants	20,168	49.57%
Capital Receipts	822	2.02%
Revenue Contribution	7,398	18.18%
REFCUS grants	2,488	6.11%
Loan	995	2.45%
Capital Reserve	2,053	5.05%
Total	40,690	100%

As at 31 March 2023, the Authority had £123.8m of External Borrowing (excluding accrued interest of £1.868m). At the end of the financial year, the Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £144.112m, which indicates that the Council has used £20.312m of its own surplus cash balances to fund capital expenditure. In the Treasury Management Strategy Statement for 2022/23, the Authorised Borrowing Limit approved by the Council was £185m, therefore, the Authority is well within its borrowing limit.

Reserves, financial performance, and financial position

The Council's General Fund balance as at 31 March 2023 stood at £14.039m, which equates to 8.8% of the net revenue budget for 2022/23. The Council's financial strategy aims to hold a minimum of 5% of the net revenue budget as General Balances (£7.918m). As a result, the Council's General Balance is higher than the target. However, with the current inflationary pressures causing a cost-of-living crisis and increased costs facing the Council, this surplus provides more financial stability for the Council.

The financial performance for 2022/23 showed a net underspend of £1.284m. This is made up of overspends from some services such as an overspend of £989k in Children's Services which is experienced increased demand. The Highways, Waste and Property Service underspent by £1.969m. The significant majority of this was from the Waste Service due to surplus income which includes additional income from the sale of recyclable material which also has a positive impact on the environment. The increase in the Bank of England interest rate is benefitting the Council as the interest receivable from its investment of surplus funds is generating significantly higher levels of interest than in previous years. However, increased interest rates will negatively impact the Council when borrowing in the future for capital projects. No borrowing was taken out in 2022/23 and the Council will use cash balances for as long as possible to save on borrowing costs though this reduces the amount available to invest.

Housing Revenue Account

The Council's Housing Revenue Account balance stood at £12.107m as at 31 March 2023. The reserve is earmarked to fund the cost of the development of new properties as set out in the Council's 30-year HRA Business Plan. This balance will delay the need for the HRA to borrow for refurbishing or building new council dwellings.

Coronavirus

The Welsh Government has provided sizeable various grants and financial support throughout the pandemic since March 2020. The Council's Covid-19 related costs have reduced significantly in 2022/23 as the prevention measures are no longer needed as the risks from the virus are reduced. Welsh Government has provided £2.271m of grant in 2022/23 through its Hardship Fund compared with £6.153m in 2021/22 from various Welsh Government Covid-19 related grants. The covid related costs and the grant are included in the Comprehensive Income and Expenditure Statement (CIES) on page 11 in the amounts for the various services still incurring Covid-19 related costs.

Provisions

The Council's total provisions amounted to £4.915m on 1 April 2022. During the year, the balance increased by £122k to £5.037m. Insurance coverage was decreased to £380k in line with estimated need. The total short-term provisions amounted to £702k, to accommodate expected future costs that may arise from past liabilities. The total provision for Penhesgyn Waste Site was reduced by £76k due the cost of improvement works undertaken on the landfill site in 2022/23 .

Details of the movements in provisions are shown in Note 21 Provisions.

Pensions

Teachers' Pension Scheme – Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

There are two valuations completed for the pension fund. These are completed by an Actuary which is a pension valuation specialist. The first is the funding valuation which is completed every three years. This is important as it considers the actual assets that the fund is invested in at the valuation date and assesses whether the returns on the assets will fully fund the value of all future payments to members based on all benefits earned up to the valuation date. The present value of the liabilities are then discounted, so that the value are converted to their value as at the valuation date. If the valuation calculates that the pension fund is not fully funded then the Council's contributions rates will increase to move towards 100% funding over an agreed time period. If the valuation shows the scheme is more than 100% funded then contributions into the pension fund may reduce.

The second valuation is the accounting valuation (used for the purpose of these accounts) which is more theoretical and projects what the Council's liability or asset would be if the pension fund would cease to exist. This valuation is based on assets and obligations at the balance sheet date. It is theoretical because of the rules and regulations to protect the pension fund to ensure that it exists for as long as the pension fund obligations require and due to the assumptions the Actuary is required to make. This is based on accounting requirements which do not affect the Council's actual funds. The results of the funding valuation only affect council funds.

The pension accounting valuation is the value reported each year in the Council's statement of accounts. Some charges affect the Comprehensive Income and Expenditure Statement, CIES and the valuation at the end of the financial year is reported in the balance sheet. However, these are offset by adjustments in the movement in reserves statement to cancel them out so that the council tax is not required to fund these statutory accounting adjustments.

Historically, the Council's balance sheet has shown that the value of the Pension Fund as a significant liability. The fair value of all the Pensions Fund investments are offset against the present value of the obligations of the Pension Fund though typically it is not enough to cover of all the estimated present value of the pension obligations. At the end of the last financial year on 31 March 2022 the net pension liability was £121.199m.

Contrary to previous years, the Actuary's accounting valuation has determined that the value of the assets exceeds the value of the liabilities and that the Pension Fund is in a net asset position. In drawing up the valuation, the Actuary uses the yield rate on Government Gilts as the discount rate for future liabilities. As this rate increases, the discount rate increases, which has the overall effect of reducing the current value of future liabilities. For 2022/23 the discount factor which is linked to quality UK corporate bonds is 4.75%. This is then compared with the fair value (often market value) of fund assets. As a result, the closing position as at 31 March 2023 has moved from a liability of £121.199m as at 31 March 2022 to an asset /surplus of £19.814m, an improvement of £141.013m.

However, the pensions accounting standard IAS19 which was updated by IFRIC14 does not permit reporting a pension net asset for defined benefits pensions such as the Gwynedd Pension Fund, as the Council cannot realise the value of the asset at this point. In determining the carrying value on the Balance Sheet, the Council has applied the prudence concept and has adjusted the value of the asset to £0. However, the results of the accounting valuation is reported in the Local Government Pensions note 34 on page 48.

Going Concern

The accounts are prepared on the 'going concern' basis. This means that the accounts have been prepared on the basis of the Council continuing in its current form into the future. The Isle of Anglesey County Council was created by statute / law in 1996 and will continue in its current form until changed by statute.

Changes in Accounting Policy

During the year, following a report from the Council's Treasury Management advisers, the Executive received a report on proposed changes to the Minimum Revenue Provision (MRP) Policy from 1 April 2022. The Executive recommended that the Council approve the revised MRP Policy effective from 1 April 2022, which was included in the Treasury Management Strategy Statement 2023/24 and was approved on 9 March 2023. This changed the MRP policy and the method of calculation of MRP from the asset life straight line approach to the asset life, annuity method for supported and unsupported borrowing for the Council Fund and the HRA. This method is considered a more prudent measure with the MRP charge reflecting more closely the change in asset values. The method reduces MRP charges in the near term, but they will be higher in the longer term. However, the asset life annuity method, when discounted back to its Net Present Value (NPV) results in a lower overall cost than the previous method. i.e. MRP costs will not have as much impact in the future as they would in the present day. MRP charges also creates cash capacity to repay loans. Most of the Council's borrowing are due to be repaid well into the future. This matches off the MRP charges with when the repayments fall due so that the capacity to repay is at the right time.

The Statement of Accounts is supplemented with the Annual Governance Statement (AGS) 2022/23. The AGS provides an overview of the Council's governance framework. It also provides a summary of reports and reviews which comment on governance and performance issues relating to the Council and is presented alongside the Statement of Accounts.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Isle of Anglesey County Council's responsibilities

The Isle of Anglesey County Council is required to: -

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Function (Resources) who is also the designated Section 151 Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Section 151 Officer's responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with CIPFA Local Authority Code of Practice.

The Section 151 Officer has also: -

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

Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Isle of Anglesey County Council at the accounting date and its income and expenditure for the year ended 31 March 2023: -

Signed:

Richard Marc Jones FCPFA

DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER

Signed:

Councillor Margaret Murley Roberts

CHAIR ISLE OF ANGLESEY COUNTY COUNCIL

Date:

The independent auditor's report of the Auditor General for Wales to the members of Isle of Anglesey County Council

Opinion on financial statements

I have audited the financial statements of Isle of Anglesey County Council for the year ended 2022-23 under the Public Audit (Wales) Act 2004.

Isle of Anglesey County Council financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Isle of Anglesey County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the [name of local government body and the group] in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Isle of Anglesey County Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of [name of local government body and the group] and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Isle of Anglesey County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Isle of Anglesey County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Isle of Anglesey County Council head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Isle of Anglesey County Council policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- Obtaining an understanding of Isle of Anglesey County Council's framework of authority as well as other legal and regulatory frameworks that Isle of Anglesey County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Isle of Anglesey County Council; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Isle of Anglesey County's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
20 December 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2023

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Services reported below are based on the organisational structure of the Council. The Council raises taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23			Services	Note	2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
84,301	(16,540)	67,761	Education, Young People and Skills		77,543	(18,415)	59,128
48,246	(13,242)	35,004	Adult Services		46,593	(16,887)	29,706
22,207	(7,088)	15,119	Children's Services		18,826	(6,201)	12,625
8,168	(7,187)	981	Housing		8,214	(6,484)	1,730
33,479	(9,921)	23,558	Highways, Property and Waste		31,252	(9,192)	22,060
16,910	(9,691)	7,219	Regulation and Economic		14,734	(9,333)	5,401
7,509	(340)	7,169	Transformation		6,653	(291)	6,362
27,838	(16,803)	11,035	Resources		31,969	(22,723)	9,246
2,347	(217)	2,130	Council Business		2,337	(427)	1,910
3,384	(723)	2,661	Corporate and Democratic Costs		2,996	(781)	2,215
673	-	673	Corporate Management		588	-	588
93	-	93	Non-distributed costs		26	-	26
14,982	(19,942)	(4,960)	Housing Revenue Account (HRA)		16,029	(19,457)	(3,428)
270,137	(101,694)	168,443	Deficit on Continuing Operations		257,760	(110,191)	147,569
		15,570	Other operating expenditure	10			17,076
		10,990	Financing and investment income and expenditure	11a			9,559
		(189,647)	Taxation and non-specific grant Income	12			(180,266)
		5,356	(Surplus)/Deficit on Provision of Services				(6,062)
		10,822	Impairment losses on non-current assets charged to the Revaluation Reserve	9b			1,924
		(12,139)	Surplus on revaluation of non-current assets	9b			(31,870)
		(19,814)	Write-off Net Pension Asset	9c & 34			-
		(116,642)	Re-measurement of net Pension liability	9c & 34			(72,063)
		(137,773)	Other Comprehensive Income and Expenditure				(102,009)
		(132,417)	Total Comprehensive Income and Expenditure				(108,071)

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) aims to show the real impact of the year's financial performance on the Council's balances. The Comprehensive Income and Expenditure Statement (CIES) includes many accounting adjustments, such as depreciation and pension adjustments, which, by law, are not allowed to be funded by Council Tax. These are not true costs which affect Council usable balances. To ensure that these accounting costs do not affect Council taxpayers and Council funds, these costs are cancelled out in the EFA and are also shown in the Movement in Reserves Statement (MIRS) and Note 6.

2022/23			Services	2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B £'000	Adjustments between Funding and Accounting Basis - B £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement - C £'000		Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B £'000	Adjustments between Funding and Accounting Basis - B £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement - C £'000
60,297	7,464	67,761	Education, Young People and Skills	49,554	9,574	59,128
31,720	3,284	35,004	Adult Services	26,279	3,427	29,706
13,388	1,731	15,119	Children's Services	10,899	1,726	12,625
354	627	981	Housing	1,144	586	1,730
16,305	7,253	23,558	Highways, Property and Waste	14,505	7,555	22,060
4,917	2,302	7,219	Regulation and Economic	2,954	2,447	5,401
5,883	1,286	7,169	Transformation	5,123	1,239	6,362
10,353	682	11,035	Resources	8,437	809	9,246
1,853	277	2,130	Council Business	1,558	352	1,910
3,430	(769)	2,661	Corporate and Democratic Costs	2,219	(4)	2,215
695	(22)	673	Corporate Management	567	21	588
-	93	93	Non-distributed costs	-	26	26
(1,404)	(3,556)	(4,960)	Housing Revenue Account (HRA)	357	(3,785)	(3,428)
147,791	20,652	168,443	Net Cost of Services	123,596	23,973	147,569
(144,605)	(18,482)	(163,087)	Other Income and Expenditure	(141,616)	(12,015)	(153,631)
3,186	2,170	5,356	(Surplus) or Deficit on the Provision of Services	(18,020)	11,958	(6,062)
(58,000)			Opening General Fund and HRA balance at 1 April	(39,980)		
3,186			Less Surplus on General Fund and HRA Balance in Year	(18,020)		
(54,814)			Closing Council Fund Balances and HRA Balance at 31 March	(58,000)		
(42,707)				(45,667)		
(12,107)				(12,333)		
(54,814)				(58,000)		

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2023

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

	Council Fund Balance £'000	Earmarked Council Fund Reserves (Note 7) £'000	HRA Balance (Supplementary Financial Statements) £'000	Capital Receipts Reserve (Note 8) £'000	Capital Grants Unapplied £'000	Schools Balances (Note 7) £'000	Total Usable Reserves £'000	Total Unusable reserves (Note 9) £'000	Total Reserves (of the Council) £'000
Balance 1 April 2021	11,437	14,079	9,723	767	-	3,974	39,980	124,182	164,162
Movement in reserves during the year									
Adjustment to opening balance	-	-					-		-
Surplus/(Deficit) on provision of services	(1,068)	-	7,130		-		6,062		6,062
Other Comprehensive Income and Expenditure							-	102,009	102,009
Total Comprehensive Income and Expenditure	(1,068)	-	7,130	-	-	-	6,062	102,009	108,071
Adjustments between accounting basis and funding basis under regulations (Note 6)	14,129	-	(3,785)	1,614	-	-	11,958	(11,958)	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	13,061	-	3,345	1,614	-	-	18,020	90,051	108,071
Transfers to/(from) Earmarked Reserves (Note 7)	(12,220)	9,102	(735)	-	-	3,853			
(Decrease) / Increase In Year	841	9,102	2,610	1,614	-	3,853	18,020	90,051	108,071
Balance 31 March 2022	12,278	23,181	12,333	2,381	-	7,827	58,000	214,233	272,233
Movement in reserves during the year									
Adjustment to opening balance									
Surplus/(Deficit) on provision of services	(12,468)	-	7,112	-	-	-	(5,356)	-	(5,356)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	137,773	137,773
Total Comprehensive Income and Expenditure	(12,468)	-	7,112	-	-	-	(5,356)	137,773	132,417
Adjustments between accounting basis and funding basis under regulations (Note 6)	9,956		(7,338)	(448)			2,170	(2,170)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(2,512)	-	(226)	(448)	-	-	(3,186)	135,603	132,417
Net transfer from									
Transfers to/(from) Earmarked Reserves	4,273	(3,544)	-	(25)	407	(1,111)	-	-	-
(Decrease) / Increase In Year	1,761	(3,544)	(226)	(473)	407	(1,111)	(3,186)	135,603	132,417
Balance 31 March 2023	14,039	19,637	12,107	1,908	407	6,716	54,814	349,836	404,650

BALANCE SHEET AS AT 31 MARCH 2023

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that can only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold (for example the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	31 March 2023	31 March 2022
		£'000	£'000
Property, plant and equipment	13	487,064	466,935
Heritage assets	15	2,431	2,283
Investment property	16	6,579	6,117
Intangible assets		357	472
Long-term debtors	18	1,234	1,076
Long-term Assets		497,665	476,883
Assets held for sale		1,065	672
Inventories		392	297
Short-term debtors	18	38,855	42,997
Short-term Investments	35a	22,500	7,500
Cash and cash equivalents	19	19,740	44,478
Current Assets		82,552	95,944
Short-term borrowing	35b	(4,111)	(4,564)
Short-term creditors	20	(34,569)	(34,573)
Short-term provisions	21	(702)	(505)
Short-term grants receipts in advance	30	(4,735)	(11,615)
Current Liabilities		(44,117)	(51,257)
Long-term creditors	20	(158)	(162)
Long-term provisions	21	(4,335)	(4,411)
Long-term borrowing	35b	(121,557)	(122,677)
Long-term grants receipts in advance	30	(5,400)	(888)
Other long-term liabilities	34	-	(121,199)
Long-term Liabilities		(131,450)	(249,337)
Net Assets		404,650	272,233
Usable reserves	MIRS	54,814	58,000
Unusable reserves	9	349,836	214,233
Total Reserves		404,650	272,233

CASH FLOW STATEMENT – FOR YEAR ENDED 31 MARCH 2023

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

Page 65

	Note	2022/23 £'000	2021/22 £'000
Net Surplus / (Deficit) on the provision of services		(5,356)	6,062
Non Cash Items charged to the Income and Expenditure Accounts	22	45,148	52,531
Cash items not charged to the Income & Expenditure Account	22	(11,388)	(10,283)
Movements in Net Current Assets	22	1,634	5,770
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(20,815)	(22,633)
Net cash flows from operating activities		9,223	31,447
Net cash flows from investing activities	23	(32,387)	(16,534)
Net cash flows from financing activities	24	(1,574)	825
Net (decrease)/increase in cash and cash equivalents		(24,738)	15,738
Cash and cash equivalents at the beginning of the financial year		44,478	28,740
Cash and cash equivalents at the end of the financial year	19	19,740	44,478

NOTES TO THE ACCOUNTS

NOTE 1 - NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2022/23

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Young People and Skills	4,328	2,783	353	7,464
Adult Services	558	2,674	52	3,284
Children's Services	322	1,387	22	1,731
Housing	125	501	1	627
Highways, Property and Waste	5,916	1,355	(18)	7,253
Regulation and Economic	1,040	1,271	(9)	2,302
Transformation	446	839	1	1,286
Resources	16	709	(43)	682
Council Business	-	286	(9)	277
Corporate and Democratic Costs	1	(770)	-	(769)
Corporate Management	-	-	(22)	(22)
Non-distributed costs	-	93	-	93
Housing Revenue Account (HRA)	(4,465)	905	4	(3,556)
Net Cost of Services	8,287	12,033	332	20,652
Other Income and Expenditure from the Funding Analysis	(21,706)	3,224	-	(18,482)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(13,419)	15,257	332	2,170

2021/22

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Young People and Skills	6,372	3,064	138	9,574
Adult Services	550	2,931	(54)	3,427
Children's Services	145	1,527	54	1,726
Housing	58	526	2	586
Highways, Property and Waste	5,957	1,502	96	7,555
Regulation and Economic Development	942	1,602	(97)	2,447
Transformation	455	774	10	1,239
Resources	16	797	(4)	809
Council Business	-	355	(3)	352
Corporate and Democratic Costs	531	(535)	-	(4)
Corporate Management	-	-	21	21
Non-distributed costs	-	26	-	26
Housing Revenue Account (HRA)	(4,571)	777	9	(3,785)
Net Cost of Services	10,455	13,346	172	23,973
Other Income and Expenditure from the Funding Analysis	(15,669)	3,654	-	(12,015)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(5,214)	17,000	172	11,958

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires disclosure of the expected impact of any accounting standards that have been issued but not yet adopted.

The new or amended standards which have been issued but not yet adopted are: -

- Definition of accounting estimates (amendments to IAS8) issued in February 2021;
- Disclosure of accounting policies (amendments to IAS1 and IFRS practice statement 2), February 2021.

None of the new or amended standards within the 2022/23 Code are expected to have a material impact on the information provided in the financial statements. However, the above will lead to improved reporting.

The implementation of IFRS 16 – Leases, has been deferred to the financial year 2024/25. IFRS 16 will introduce significant changes to accounting for leases. In particular, for property, plant, equipment, and similar assets leased in by local authorities. Local authorities will be required to identify all significant leased assets in and to include these on each authority's balance sheets as though owned by each Council from 1 April 2024.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 41, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are: -

- The Accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Council will continue in operational existence for the foreseeable future. The Council is a local government body created by the Local Government (Wales) Act 1994. The Council operates within a difficult financial climate, similar to all local authorities in Wales. However, there are no indications from either the financial performance of the Authority or Welsh Government plans which undermine the view that the Council will continue as a going concern into the future.
- The Council has determined that a number of assets which are used for social or economic development purposes, most notably the Council's Smallholdings Estate, are not solely held for income generation or capital appreciation purposes and, therefore, do not meet the definition of investment properties. Consequently, these assets are shown as Non-Current Assets - Property, Plant and Equipment within the Balance Sheet.

NOTE 4 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following items in the Council's Balance Sheet at 31 March 2023 may be considered to be most vulnerable for estimating error in the forthcoming financial year: -

Non-Current Assets - Property, Plant and Equipment (PPE) – Assets are depreciated over useful lives in accordance with standard accounting practices. Any difference between the depreciation applied and actual deterioration to assets will naturally reflect in future spending patterns. Information relating to Property, Plant and Equipment is contained in Note 13 and note 13b Infrastructure Assets. The value of the Council's PPE assets at 31 March 2023 was £487.063m (£466.935m at 31 March 2022).

Provisions – The Council has made provisions amounting to £5.037m, (£4.916m on 31 March 2022) for a series of uncertainties which could result in significant costs in later years. These principally relate to after-care costs for the Penhesgyn landfill site and potential liabilities arising from insurance claims. Full details are contained in Note 21.

Pensions Liability – The Council's Actuary has valued the Pension Fund to a surplus position and therefore an asset of £19.814m. This is due to a change in the assumptions the Actuary has used in relation to the discount factor used to calculate how much the future pension obligations will be at today's prices, so that it can be compared with the current value/market value of investments and assets. (a liability of £121.199m was reported for the value on 31 March 2022). The pension's accounting valuation is based on a number of complex assessments and judgements relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on pension assets. A firm of consulting actuaries is engaged by the administering Council to provide expert advice on the assumptions to be applied. Further details are contained in Note 34 and the narrative report. The note includes the surplus, however, as outlined in the narrative report, this is not included in the balance sheet due to restrictions prescribed by IAS19 and IFRIC14 on accounting for pensions.

Impairment Loss Allowance and Bad Debt provisions – As at 31 March 2023, the Council had a net debtor balance of £40.089m. A review of arrears balance suggested that impairment or provision for doubtful debts of £8.149m was appropriate. Any differences between the impairment level applied and the actual arrears position will naturally reflect in future spending patterns. Impairment loss allowances / provision for bad debts are contained within the figures for Short-Term Debtors contained in Note 18.

Fair Value Measurement – The majority of the Council's non-current assets are measured at Fair Value, with the exception of infrastructure assets valued at £68.807m, community assets valued at £259k, assets under construction valued at £29.034m and plant, vehicles and equipment valued at £11.746m. These are all valued at depreciated historical cost. Note 41 sections 7 and 8 provides further information on this.

ESTIMATES AND ERRORS NOTE 4b – PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND

There were no prior period adjustments. Changes in accounting policies or estimates are outlined separately above.

NOTE 5 – EVENTS AFTER BALANCE SHEET DATE

The Council must report material events which occur after the reporting period of 31 March 2023 and up to the date the final audited accounts were authorised for issue on 19 December 2023.

There were no material events between the reporting period and the date the final audited accounts were presented to Full Council and signed for, which the Council has had to adjust the accounts.

There is one event between 31 March 2023 and 19 December 2023 which is discussed below but does not require the accounts to be adjusted, as follow:

Reinforced Autoclaved Aerated Concrete (RAAC) - RAAC is a lightweight form of concrete and was used in many public buildings from the mid-1950s to the mid-1990s. The vulnerabilities of RAAC have been known since the 1990s and since 2019 Council buildings have been inspected for the presence of RAAC. The presence of RAAC has been confirmed in two local authority-maintained schools: Ysgol David Hughes and Ysgol Uwchradd Caergybi. The risks in these two schools have been managed through regular specialist inspections in line with Government guidance. All inspections concluded that there were no immediate risks or concerns.

On 31 August 2023, the UK Government announced new guidance on RAAC in education settings. This is due to a number of incidents over the summer period which led to there being a heightened safety risk regarding usage of RAAC.

The two schools affected by RAAC were closed at the start of the academic year to enable safety inspections to be completed. Ysgol David Hughes has a smaller area of the building with RAAC which has been closed off and repairs and reinforcement works are being completed. All pupils are back in school though no access to the affected area will be allowed until the improvement works have been completed. A considerable proportion of Ysgol Uwchradd Caergybi contained RAAC and several blocks are closed until the improvement and strengthening works are completed. Online learning was quickly organised from 7 September 2023 and from 11 September 2023 the school partially opened. The pupils attend school part-time each week in specified year groups with online learning for the days when the pupils' year groups are scheduled to learn online. The remedial works have progressed, and pupils will return to school full-time on completion of the works.

NOTE 6 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2022/23	Usable Reserves			
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and amortisation of non-current assets	13,600	3,070		(16,670)
Revaluation losses on Property, Plant and Equipment	(848)	-		848
Movements in the market value of Investment Properties loss/(gain)	2,568	-		(2,568)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(16,385)	(3,782)		20,167
Revenue expenditure funded from capital under statute	-	-		-
Derecognition	3	-		(3)
Carrying amount of non-current assets sold	109	-		(109)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum Revenue Provision for Capital Funding	(1,325)	(129)		1,454
Capital expenditure charged against the Council Fund and HRA balances	(2,053)	(7,398)		9,451
Adjustments involving the Capital Receipts Reserve:				
Proceeds from Sale of Non-Current Assets	(374)		374	-
Use of the Capital Receipts Reserve to finance capital expenditure			(822)	822
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(19)	(8)		27
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	25,740	905		(26,645)
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,388)			11,388
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	328	4		(332)
Total Adjustments	9,956	(7,338)	(448)	(2,170)

2021/22	Usable Reserves			Movement in Unusable Reserves £'000
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	
	£'000	£'000	£'000	
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and amortisation of non-current assets	15,589	6,088		(21,677)
Revaluation losses on Property, Plant and Equipment	(573)	-		573
Movements in the market value of Investment Properties loss/(gain)	94	-		(94)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(15,326)	(5,380)		20,706
Revenue expenditure funded from capital under statute	10	-		(10)
Derecognition	3,246	-		(3,246)
Carrying amount of non-current assets sold	804	-		(804)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum Revenue Provision for Capital Funding	(2,752)	(784)		3,536
Capital expenditure charged against the Council Fund and HRA balances	(1,395)	(4,484)		5,879
Adjustments involving the Capital Receipts Reserve:				
Proceeds from Sale of Non-Current Assets	(1,927)	-	1,927	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(313)	313
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(27)	(11)	-	38
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	26,506	777	-	(27,283)
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,283)	-	-	10,283
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	163	9	-	(172)
Total Adjustments	14,129	(3,785)	1,614	(11,958)

NOTE 7 – EARMARKED RESERVES

	Balance as at 31/03/2021 £'000	Transfers In 2021/22 £'000	Transfers Out 2021/22 £'000	Balance as at 31/03/2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance as at 31/03/2023 £'000
Restricted Reserves - smaller service reserves less than £500k *	6,752	4,163	(3,737)	7,178	2,780	(3,636)	6,322
Restricted Reserves - Larger service reserves - £500k or more :-							
Waste Reserve / Recycling **	500	-	-	500	-	(400)	100
Recycling Process Income for Investment in future recycling costs and projects	635	-	-	635	-	(380)	255
Insurance (Catastrophe) Reserve	1,250	163	(72)	1,341	164	(255)	1,250
Revenue Contributions to Capital Unapplied	1,207	2,225	(1,325)	2,107	3,077	(2,210)	2,974
Housing Developer Contributions S106	-	-	-	-	808	-	808
Affordable Housing	454	-	(32)	422	1,099	(904)	617
Archaeological Works at Wylfa	625	-	-	625	-	(103)	522
NWREF Covid Economic Recovery	-	764	-	764	-	(764)	-
Supporting People Administration	560	137	(141)	556	-	(144)	412
Leisure Improvements	762	-	-	762	-	-	762
Covid Recovery Planning	565	-	-	565	-	(565)	-
Covid Hardship Funding Council Tax Collection	769	371	(356)	784	-	(418)	366
Additional Revenue Settlement - response to increase in inflation	-	2,256	-	2,256	2,065	(1,144)	3,177
Social Care Pressures	-	1,110	-	1,110	196	(1,163)	143
Cost of Living Scheme Discretionary payments	-	585	-	585	-	(585)	-
Out of County Education	-	500	-	500	-	-	500
Addysg Y Bont Substantial Roofing Works	-	3,000	(509)	2,491	-	(2,491)	-
Funds from General Reserves for Capital Reserves	-	-	-	-	1,821	(392)	1,429
Total Earmarked Reserves	14,079	15,274	(6,172)	23,181	12,010	(15,554)	19,637
School Balances	3,974	7,904	(4,051)	7,827	6,487	(7,598)	6,716
Total	18,053	23,178	(10,223)	31,008	18,497	(23,152)	26,353

*The 2021/2022 figure has been restated to not include reserves that have reached £500k at the close of 2022/23

** The title for this reserve has been corrected from 2021/22 Statement of Accounts

The more significant reserves are:-

Waste Reserve / Recycling – used to fund future waste management projects.

Recycling Process Income – any surplus income from recycling is transferred to this earmarked reserve for use in funding future recycling costs and projects.

Insurance Reserve – this is to fund uninsured losses and policy excesses.

Revenue Contributions Unapplied to Capital – this is a capital reserve which is made up of revenue contributions to projects which have not been completed or have been funded by general grant to minimise capital financing costs. Where projects have received alternative funding this frees up the revenue contribution to fund another project in the future, again to reduce capital financing costs.

Housing Developer Contributions S106 – contributions received by housing developers which will be used to fund projects which are in line with the terms of agreement.

Affordable Housing – this reserve is for funding projects that will increase the affordable housing stock on Anglesey.

Archaeological Works at Wylfa – this is a reserve to fund the completion of archaeological works at the site which was previously being developed for a new nuclear power station by Horizon Nuclear Power Ltd. This is restricted to works agreed between the Council and Horizon.

NWREF Covid Economic Recovery – this is a new reserve which aids the delivery of the economy in North Wales. This funding was received from Welsh Government late in the 2021/22 financial year.

Supporting People Administration – this is used to fund the administration and management of supporting people projects and services provided.

Leisure Improvements – this reserve is funded from a windfall from HMRC, after HMRC lost a court case which argued that HMRC should not be collecting VAT on leisure services. The Council was repaid approximately £900k from HMRC. The current balance of £762k will be used to fund improvements to the Council's Leisure facilities on Anglesey.

Covid Recovery Planning – this reserve was used to help fund the recovery phase in the Council's response to the continuing impact of the Covid-19 Pandemic.

Covid Hardship Funding Council Tax Collection – it is likely that the financial impact from Covid-19 will impact on Anglesey residents into the medium-term. This reserve of £366k will help fund additional Council Tax benefits provided and help with any potential shortfall on the collection of Council Tax.

Additional Revenue Settlement – this is to fund unknown inflationary pressures as they arise during the financial year.

Social Care Pressures – the purpose of the funding was to support local authorities with social care pressures from overspends and winter pressures. This earmarked reserve will fund any future overspends as per the terms of the grant offer letter.

Cost of Living Discretionary Payments – this is the discretionary element of a much larger grant. Under the discretionary scheme, each local authority may use the funding to provide support to households it considers need assistance with their living costs. This support may take the form of payment to households not already covered in the main scheme, or it may cover the cost of essential services provided to households.

Out of County Education – this reserve will be used to reduce the risk associated with the demand led budget and fund in-year unexpected increases.

Canolfan Addysg y Bont Substantial Roofing Works – created in 2021/22 following the approval to use £3m from the General Reserves by Council to fund works required to repair the roof at Canolfan Addysg y Bont. Works have been completed during 2022/23.

Funds from General Reserves for Capital Reserves – unspent funds to support capital projects in accordance with grant conditions.

Schools Balances – these balances are reserved for each school's use in pursuance of its educational objectives. At 31 March 2023, none of the forty primary schools had balances in a deficit position (none as at 31 March 2022). None of the five secondary schools are in a deficit position at the end of the financial year (none as at 31 March 2022), the Special school is not in a deficit position at 31 March 2023. The combined value of the schools in deficit is £0k (£0k as at 31 March 2022). Copies of the Section 52 Statements, which each Council is required to prepare after the end of each financial year under Section 52(2) of the School Standards and Framework Act 1998, can be obtained from the Accountancy Section, Resources Function, County Offices, Llangefni, Anglesey, LL77 7TW.

NOTE 8 – CAPITAL RECEIPTS RESERVE

These are cash receipts from the sale of Council assets. These are used to fund capital expenditure in the year or to carry forward for future years. A balance of £1.908m will be carried forward to 2023/24 to help fund next year's capital programme.

	2022/23 £'000	2021/22 £'000
Balance 1 April	2,381	767
Capital Receipts in year (net of reduction for administration costs)	374	1,927
	2,755	2,694
Less:		
Receipts set aside to repay debt	-	-
Capital Receipts used for financing	(822)	(313)
Other	(25)	-
Balance 31 March	1,908	2,381

NOTE 9 – UNUSABLE RESERVES

	31/03/2023 £'000	31/03/2022 £'000
a) Capital Adjustment Account	179,955	162,758
Financial Instruments Adjustment Account	(329)	(355)
b) Revaluation Reserve	173,399	175,887
c) Pensions Reserve	-	(121,199)
ch) Accumulating Compensated Absences Adjustment Account	(3,190)	(2,858)
Total Unusable Reserves	349,835	214,233

NOTE 9a – CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with costs such as depreciation, impairment losses and amortisations that are charged to the Comprehensive Income and Expenditure Statement and postings from the Revaluation Reserve to convert fair value figures to historic cost.

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at 1 April		162,758		153,976
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and amortisation of non-current assets	(16,670)		(21,677)	
Derecognised assets	(3)		(3,246)	
Revaluation losses on Property, Plant and Equipment	933		573	
Revenue expenditure funded from capital under statute	-		(10)	
Amounts of non-current assets written off on disposal or sale (including impairment) as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(195)		(804)	
		(15,935)		(25,164)
Adjusting amounts written out of the Revaluation Reserve		3,807		3,606
Net written out amount of the cost of non-current assets consumed in the year		(12,128)		(21,558)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	822		313	
Use of capital reserve	2,053		1,395	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	20,167		20,706	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	1,453		3,536	
Capital expenditure charged against the Council Fund and HRA balances	7,398		4,484	
		31,893		30,434
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		(2,568)		(94)
Balance at 31 March		179,955		162,758

NOTE 9b – REVALUATION RESERVE

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

The balance is reduced when assets with accumulated gains are: -

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2022/23	2021/22
	£'000	£'000
Balance at 1 April	175,887	149,546
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	1,317	29,946
Difference between fair value depreciation and historical cost depreciation	(3,670)	(3,169)
Revaluation balances on assets scrapped or disposed of	(135)	(436)
Balance at 31 March	173,399	175,887

NOTE 9c – PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Pensions Reserve	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(121,199)	(176,261)
Re-measurement of net defined liability	156,270	72,088
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(26,645)	(27,329)
Employers' pension contribution and direct payment to pensioners payable in the year	11,388	10,303
Remove net pension asset as at 31 March 2023	(19,814)	0
Balance at 31 March	-	(121,199)

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers' contributions to pension funds or, eventually, pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve, therefore, shows a substantial difference in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

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

NOTE 9ch – ACCUMULATING COMPENSATED ABSENCES ADJUSTMENT ACCOUNT

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward on 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

Accumulating Compensated Absences Adjustment Account	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at 1 April		(2,858)		(2,686)
Settlement or cancellation of accrual made at the end of the preceding year	2,858		2,686	
Amounts accrued at the end of the current year	(3,190)		(2,858)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(332)		(172)
Balance at 31 March		(3,190)		(2,858)

NOTE 10 – OTHER OPERATING EXPENDITURE

	2022/23 £'000	2021/22 £'000
Precept paid to the North Wales Police and Crime Commissioner	10,151	9,639
Precept paid to Community Councils	1,722	1,607
(Gains)/Losses on the disposal of non-current assets (Including Derecognition)	(262)	2,136
North Wales Fire and Rescue Authority	3,915	3,690
North Wales Community Joint Committee	36	-
Towyn Trewan Board of Conservators	4	-
Natural Resources Wales	4	4
Total	15,570	17,076

NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23 £'000	2021/22 £'000
Interest payable and similar charges	5,698	5,591
Net interest on the defined liability	3,428	3,654
Interest receivable and similar income	(963)	(19)
Income and Expenditure in relation to investment properties and changes in their fair value	2,227	(83)
Derecognition and impairment of Financial Assets	599	416
Total	10,990	9,559

NOTE 12 – TAXATION AND NON-SPECIFIC GRANT INCOME

	2022/23 £'000	2021/22 £'000
Council Tax Income	54,929	53,346
Non-Domestic Rates Redistribution	25,493	23,480
Revenue Support Grant	89,058	82,734
Capital Grants Applied to Fund Capital Expenditure	20,167	20,706
Total	189,647	180,266

NOTE 13a – NON-CURRENT ASSETS, PROPERTY, PLANT AND EQUIPMENT (PPE)

2022/23	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	167,761	205,744	18,055	259	19,294	1,364	412,477
Additions (Note 17)	5,919	7,619	1,891	-	19,789	-	35,218
Revaluation inc./(decr.) to Revaluation Reserve	(5,080)	4,349	-	-	-	-	(731)
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services	-	501	-	-	-	-	501
Derecognition - Disposals	-	-	(93)	-	-	-	(93)
Derecognition - other	(1,616)	(4,139)	-	-	-	-	(5,755)
Reclassification	6,428	590	-	-	(7,018)	-	-
Reclassified (to) / from Assets Held for Sale	-	(584)	-	-	-	88	(496)
Reclassified (to) / from Investment Property	-	-	-	-	(3,031)	-	(3,031)
Reclassified (to) / from Heritage Assets	-	-	-	-	-	-	-
Balance as at 31 March 2023	173,412	214,080	19,853	259	29,034	1,452	438,090
Depreciation and Impairment							
At 1 April 2022	1,616	7,599	6,183	-	-	4	15,402
Depreciation Charge	2,658	7,174	2,012	-	-	5	11,849
Impairment charge to (Surplus) or Deficit on the Provision of Services	-	668	-	-	-	-	668
Impairment charge to Revaluation Reserve	5,919	4,903	-	-	-	-	10,822
Impairment written out to Revaluation Reserve	-	(6,330)	-	-	-	-	(6,330)
Impairment written out to (Surplus) or Deficit on the Provision of Services	-	(42)	-	-	-	-	(42)
Depreciation written out to Revaluation Reserve	-	(6,383)	-	-	-	(5)	(6,388)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(305)	-	-	-	-	(305)
Derecognition - Disposals	-	-	(88)	-	-	-	(88)
Derecognition - other	(1,616)	(4,139)	-	-	-	-	(5,755)
Balance as at 31 March 2023	8,577	3,145	8,107	-	-	4	19,833
Net Book Value							
Balance as at 31 March 2023	164,835	210,935	11,746	259	29,034	1,448	418,257
Balance as at 31 March 2022	166,145	198,145	11,872	259	19,294	1,360	397,075

2021/22	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2021	156,797	204,382	18,004	259	15,065	1,970	396,477
Adjustment opening balance	-	-	-	-	-	-	-
Additions (Note 17)	6,141	4,648	5,094	-	11,511	-	27,394
Revaluation inc./(decr.) to Revaluation Reserve	7,335	3,624	-	-	-	286	11,245
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services	-	271	-	-	-	(17)	254
Derecognition - Disposals	-	(92)	(214)	-	-	(490)	(796)
Derecognition - other	(5,654)	(7,311)	(4,829)	-	(8)	-	(17,802)
Derecognition - replaced parts	-	-	-	-	-	-	-
Reclassification	3,142	280	-	-	(3,517)	95	-
Reclassified (to) / from Assets Held for Sale	-	-	-	-	-	(480)	(480)
Reclassified (to) / from Investment Property	-	(58)	-	-	(3,757)	-	(3,815)
Reclassified (to) / from Heritage Assets	-	-	-	-	-	-	-
Balance as at 31 March 2022	167,761	205,744	18,055	259	19,294	1,364	412,477
Depreciation and Impairment							
At 1 April 2021	16,830	8,077	9,768	-	-	4	34,679
Adjustment Cost and Depreciation	4,079	6,434	1,458	-	-	31	12,002
Depreciation Charge	1,616	4,139	-	-	-	-	5,755
Impairment	-	1,925	-	-	-	-	1,925
Depreciation written out to Revaluation Reserve	(15,255)	(5,342)	-	-	-	(4)	(20,601)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(316)	-	-	-	(2)	(318)
Derecognition - Disposals	-	(7)	(214)	-	-	(25)	(246)
Derecognition - other	(5,654)	(7,311)	(4,829)	-	-	-	(17,794)
Balance as at 31 March 2022	1,616	7,599	6,183	-	-	4	15,402
Net Book Value							
Balance as at 31 March 2022	166,145	198,145	11,872	259	19,294	1,360	397,075
Balance as at 31 March 2021	139,967	196,305	8,236	259	15,065	1,966	345,461

Revaluations

The Council has £487.064m recognised as Property, Plant and Equipment (PPE). This includes £68.807m of infrastructure assets, such as roads and street lighting. This value for infrastructure is not included in Note 13a above for PPE but is, instead, reported below in Note 13b. The Council adopts a five-year rolling programme for the valuation of its land and property. The programme is constructed in such a way as to ensure that entire classes of assets within its land and property portfolio are revalued at least every five years, with the valuation effective on 31 March each year. In addition, to ensure that the valuations are materially correct, all Council property assets valued at £500k or higher will be valued each year and Council Dwellings will be valued every three years. The valuations are undertaken by the Council's in-house valuation team, who are members of the Royal Institute of Chartered Surveyors (RICS). The valuations have been completed in accordance with IFRS 13. Non-property assets have not been revalued as the Council has judged that the carrying value of these assets is approximate to fair value, given their relatively short useful economic lives and the relative value of these assets. Additional information on the Council's policy on the measurement and valuation of non-current assets is included in sections 7 to 10 of Note 41 Accounting Policies.

NOTE 13b - INFRASTRUCTURE ASSETS

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, the below note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure Assets

	2022/23	2021/22
	£'000	£'000
Net Book Value at 1 April	69,857	69,465
Additions	2,984	4,175
Depreciation	(4,034)	(3,783)
Net Book Value at 31 March	68,807	69,857

Total PPE Assets

	2022/23	2021/22
	£'000	£'000
Infrastructure assets	68,807	69,857
Other PPE assets	418,257	397,078
Total PPE assets	487,064	466,935

NOTE 14 - SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2023, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment, giving rise to significant capital commitments of £14.004m in 2023/24 and future years, as shown in the table below: -

	Commitment into 2023/24 & future years as of 31 March 2023 £'000
Planned Maintenance Contracts - HRA	272
Development of New Properties - HRA	852
New Corn Hir School	187
New foundation unit at Ysgol Y Graig	8,759
Heat Pump Installation	24
Energy Projects	1,857
Penrhos Phase 3	2,053
Total	14,004

NOTE 15 – HERITAGE ASSETS

2022/23

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation At 1 April 2022	2,121	144	2,265
Revaluation increase/(decrease) to the Revaluation Reserve	154	-	154
At 31 March 2023	2,275	144	2,419
Accumulated Depreciation and Impairment			
At 1 April 2022	-	6	6
Depreciation Charge	-	6	6
At 31 March 2023	-	12	12
Net Book Value			
At 31 March 2023	2,275	132	2,407
At 31 March 2022	2,121	162	2,283

2021/22

	Art Collection £'000	Heritage Land £'000	Total Heritage £'000
Cost or Valuation At 1 April 2021	2,121	144	2,265
Revaluation increase/(decrease) to the Revaluation Reserve	-	24	24
At 31 March 2022	2,121	168	2,289
Accumulated Depreciation and Impairment			
At 1 April 2021	-	-	-
Depreciation Charge	-	6	6
At 31 March 2022	-	6	6
Net Book Value			
At 31 March 2022	2,121	162	2,283
At 31 March 2021	2,121	144	2,265

Revaluation of Heritage Assets (Land and Buildings)

A small number of Land & Buildings assets have been identified as meeting the definition of Heritage Assets. The Heritage Assets (Land & Buildings) were last revalued in 2021/22, as per the Council's revaluation procedures. The most notable heritage assets are: -

Melin Llynnon Mill

The revaluation of this asset follows the Council's standard revaluation procedures for land and property. The mill and its land are leased out on an operating lease basis.

Felin Y Graig

This asset transferred in 2020/21 from Investment Properties to Heritage Assets to reflect its classification more accurately.

Revaluation of Heritage Assets (Art Collections)

The Council's Art Collections were revalued for 2022/23. The valuation was carried out by Bonhams of London, a firm of international Art Auctioneers and Valuers.

Revaluation of Heritage Assets (Civic Regalia)

The Heritage Assets (Civic Regalia) have been revalued in 2021/22 as per the Council's revaluation procedures and in line with the five-year rolling programme adopted for Property, Plant and Equipment (PPE) and Heritage Assets.

NOTE 16 – INVESTMENT PROPERTIES

a) Investment Properties

	2022/23	2021/22
	£'000	£'000
Balance at start of the year	6,117	5,619
Disposals	-	(68)
Net gains/(losses) from fair value adjustments	(2,568)	(93)
Derecognition	-	(3,156)
Transfers:		
- (to)/from Property, Plant and Equipment	3,030	3,815
- (to)/from Heritage Assets	-	-
Balance at end of the year	6,579	6,117

There are no restrictions on the Council's ability to realise the value inherent in its wholly owned investment property which relates to the significant majority of the investment properties, or on the Council's right to the remittance of income and the proceeds of disposal on these assets.

However, during the year, the construction of Units 17 to 26, Penrhos Industrial units, Holyhead was completed. This project is a joint venture with Welsh Government, whereby the Council's share in the property is 16% and Welsh Government's share is 84% due to Welsh Government's contribution to construction costs. The Council receives 16% of the income and holds 16% of the value of the property and which is accounted for within investment properties on its balance sheet (£191k) which is included in note 16a and 16b. There is also a restriction on the duration of the joint venture. The Council and Welsh Government have extended the joint venture at Penrhos Industrial Estate, Holyhead to build additional industrial units, as phase 2 of the project which will be completed in 2023/24.

The Council is also working in partnership with Welsh Government and the European Regional Development Fund (ERDF) on the construction of six new eco-friendly business units in Llangefni. The costs of these developments and phase 2 of Penrhos Industrial Estate are included in Assets under Construction within Property, Plant and Equipment (note 13a).

b) Fair Value Measurement of Investment Properties 2022/23 Fair Value Hierarchy

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2023 £'000
Retail Properties	-	823	-	823
Office units	-	701	-	701
Commercial units	-	5,055	-	5,055
Total	-	6,579	-	6,579

2021/22 Fair Value Hierarchy

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2022 £'000
Retail Properties	-	788	-	788
Office units	-	709	-	709
Commercial units	-	4,620	-	4,620
Total	-	6,117	-	6,117

NOTE 17 - CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed. The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

Capital Expenditure and Financing	2022/23	2021/22
	£'000	£'000
Opening Capital Financing Requirement	137,804	136,560
Capital Invested in Year		
Property, Plant and Equipment	38,202	31,570
Intangible Assets	-	97
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	2,488	1,790
Total	40,690	33,457
Source of Finance		
Capital receipts	(822)	(312)
Reserve	(2,053)	(1,395)
Government Grants and Contributions	(20,168)	(20,706)
Revenue Provisions	(7,398)	(4,484)
REFCUS Grants	(2,488)	(1,780)
Minimum Revenue Provision and Set Aside	(1,453)	(3,536)
Total	(34,382)	(32,213)
Net Increase/(Decrease) in Capital Financing Requirement	6,308	1,244
Closing Capital Financing Requirement	144,112	137,804
Explanation of Movement in Year		
Increase in underlying need to borrow supported by Government assistance	2,757	1,764
Increase in underlying need to borrow unsupported by Government assistance	4,009	2,485
Loan	995	531
Minimum Revenue Provision and Voluntary Set Aside	(1,453)	(3,536)
Net Increase/(Decrease) in Capital Financing Requirement	6,308	1,244

NOTE 18– DEBTORS

	Long-Term Debtors		Short-Term Debtors	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Trade Receivables	-	-	2,327	5,823
Prepayments	-	-	1,329	1,086
Other Receivable Amounts	1,234	1,076	35,199	36,089
Total	1,234	1,076	38,855	42,997

The above debtors' figures are net of bad debt provisions totalling £8.149m in 2022/23 (£7.077m in 2021/22).

The past due date but not impaired amount for Council Tax can be analysed by age as follows: -

	31 March 2023 £'000	31 March 2022 £'000
Less than one year	2,530	1,453
More than one year	3,431	2,629
Total	5,961	4,082

NOTE 19 – CASH AND CASH EQUIVALENTS

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

	31 March 2023 £'000	31 March 2022 £'000
Cash held by the Authority	125	230
Bank current accounts	593	5,630
Short term deposits	19,022	38,618
Total	19,740	44,478

NOTE 20 – CREDITORS

	Long-Term Creditors		Short-Term Creditors	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Trade Creditors	-	-	(12,494)	(12,382)
Other Payables	(158)	(162)	(22,075)	(22,191)
Total Creditors	(158)	(162)	(34,569)	(34,573)

NOTE 21 – PROVISIONS

	Balance at 1 April 2021 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2022 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2023 £'000
Insurance Claims Provision	290	350	(253)	387	200	(207)	380
Penhesgyn Waste Site	4,684	(228)	(45)	4,411	(76)	-	4,335
Gwynedd and Anglesey Additional Learning Needs & Inclusion Service	73	44	-	117	205	-	322
Total	5,047	166	(298)	4,915	329	(207)	5,037
Short-Term Provisions	408	394	(298)	504	405	(207)	702
Long-Term Provisions	4,639	(228)	-	4,411	(76)	-	4,335
Total	5,047	166	(298)	4,915	329	(207)	5,037

Purpose of Main Provisions - Penhesgyn Waste Site

The provision is for the aftercare of the areas of the site formerly used for landfill. There is no defined timescale for this work to be completed although, for management purposes, a time span of 30 years has been used on an ongoing basis until there is evidence that a shorter period would be sufficient. This funds annual decontamination works at Penhesgyn each year and provides for the risk of the culvert at the site collapsing.

NOTE 22 – CASH FLOW FROM OPERATING ACTIVITIES

	2022/23 £'000	2021/22 £'000
Adjustment to surplus or deficit on the Provision of Services for non-cash movements		
Depreciation, Impairment and amortisation	16,670	21,677
Downward/(upwards) revaluations and non-sale derecognitions	(844)	2,673
(Increase)/decrease in Inventories	(95)	42
(Increase)/decrease in debtors	3,984	(9,679)
Increase/(decrease) in impairment for bad debts	-	-
Increase/(decrease) in creditors	(9)	9,771
Increase/(decrease) in grants receipts in advance	(2,367)	5,767
Transactions within the CIES relating to retirement benefits	15,257	17,000
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	109	804
Increase/(Decrease) in Provisions	121	(131)
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	2,568	94
Total	35,394	48,018
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	(374)	(1,927)
Capital Grants and Contributions Received	(20,441)	(20,706)
Total	(20,815)	(22,633)

NOTE 23 – CASH FLOW FROM INVESTING ACTIVITIES

	2022/23 £'000	2021/22 £'000
Movement in short term Investments	(15,000)	(7,500)
Purchase of Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets	(38,202)	(31,667)
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	374	1,927
Capital Grants and Contributions Received	20,441	20,706
Net Cash flows from Investing Activities	(32,387)	(16,534)

NOTE 24 – CASH FLOW FROM FINANCING ACTIVITIES

	2022/23 £'000	2021/22 £'000
Movement in Borrowing		
Short Term Borrowing	(454)	2,406
Long Term Borrowing	(1,120)	(1,581)
Net Cash flows from Financing Activities	(1,574)	825

NOTE 25a – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Comprehensive Income and Expenditure Statement provides financial information in relation to expenditure and income per service. This nature of expenses note provides financial information per type of expenditure rather than by service.

	2022/23 £'000	2021/22 £'000
Expenditure		
Employee benefits	120,052	111,624
Other services	133,415	124,460
Depreciation, amortisation, impairment & movement in market value of investment properties	19,238	21,771
Interest Payments	9,127	9,245
De-recognition and Impairment of Financial Assets	599	416
Precepts and levies	15,832	14,940
Gain on the disposal of assets	(262)	2,136
Total Expenditure	298,001	284,592
Income		
Fees, charges and other service income	(35,292)	(33,257)
Interest and investment income	(1,304)	(196)
Income from Council Tax, Non-Domestic Rates	(80,422)	(76,826)
Government grants and contributions	(175,627)	(180,375)
Total Income	(292,645)	(290,654)
Surplus or Deficit on the provision of services	5,356	(6,062)

NOTE 25b SEGMENTAL INCOME

The table below shows the total of the Council's income from fees, charges, and rents for the provision of services. This excludes grant income and council tax income.

Services	2022/23 Income from Services £'000	2021/22 Income from Services £'000
Education, Young People and Skills	(939)	(964)
Adult Services	(6,333)	(5,514)
Housing	(386)	(203)
Highways, Property and Waste	(4,513)	(4,013)
Regulation and Economic Development	(2,843)	(2,485)
Transformation	(42)	(49)
Resources	(167)	(181)
Council Business	(203)	(422)
Corporate and Democratic Costs	(148)	(115)
Housing Revenue Account (HRA)	(19,719)	(19,311)
Total Income	(35,293)	(33,257)

Most transactions the Council enters into with service recipients are straightforward. All transaction prices are based on the Council's Fees and Charges booklet which has been approved by the Executive and which are outlined on the Council's website at the following link/web address: -

<https://www.anglesey.gov.wales/en/Council/Council-finances/Council-fees-and-charges.aspx>

Service recipients, typically, are given 14 days to pay the Council fees and charges owed. This excludes fees and charges payable at the point of provision of the goods/services.

Contracts can relate to the financial year from 1 April 2022 to 31 March 2023. Any income not received by the end of March is accrued to match with the services provided. Some income is received at the same time as the services/goods are provided, for example, sale of gifts in the Oriel shop, admission for a swimming session at the Leisure Centres. One of the most complex income types relates to fees and charges for complex Adult Social Care placements. These charges can be deferred until income is available from sale of property. The Adult Services does recognise this income each financial year, despite it being deferred to match with the period when the care is provided.

NOTE 26 – MEMBERS’ ALLOWANCES

A total of £918k (£717k in 2021/22) was paid in respect of allowances to Council Members during the year, as follows: -

	2022/23 £'000	2021/22 £'000
Basic and Special responsibility allowances	754	596
Chairman and Deputy Chairman’s Allowance	12	13
Pension Costs	75	57
National Insurance Costs	65	48
Travel Costs	3	-
Subsistence	-	-
Miscellaneous	9	3
Total	918	717

In addition, the Council spent £33,070 on expenses for lay members (£25,531 in 2021/22).

NOTE 27 – OFFICERS’ REMUNERATION

The number of employees (including senior officers) whose annual remuneration paid was more than £60k but not more than £150k in 2022/23, excluding pension contributions but including severance pay, is as follows: -

Officer Remuneration	Non-Schools 2022/23	Non-Schools 2021/22	Schools 2022/23	Schools 2021/22
	Number of Employees	Number of Employees	Number of Employees	Number of Employees
£60,000 to £64,999	10	6	28	25
£65,000 to £69,999	-	3	18	6
£70,000 to £74,999	-	1	5	2
£75,000 to £79,999	-	-	4	3
£80,000 to £84,999	3	6	4	2
£85,000 to £89,999	3	-	1	2
£90,000 to £94,999	3	3	1	-
£95,000 to £99,999	-	-	1	1
£100,000 to £104,999	1	1	-	-
£105,000 to £109,999	-	-	1	-
£110,000 to £114,999	-	-	-	1
£115,000 to £119,999	-	-	-	-
£120,000 to £124,999	-	-	-	-
£125,000 to £129,999	-	1	-	-
£130,000 to £134,999	1	-	-	-
Total	21	21	63	42

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

Senior Officer Remuneration 2022/23	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	124,259	-	26,591	150,850
Deputy Chief Executive	3	102,983	-	22,038	125,021
Director of Function (Council Business) / Monitoring Officer		87,840	-	17,905	105,745
Director of Function (Council Business) / Monitoring Officer (interim)	2	20,917	-	4,373	25,290
Director of Function (Resources) & S151		92,345	-	19,762	112,107
Director of Social Services		92,345	-	19,762	112,107
Director of Education, Skills and Young People	3	53,868	-	11,528	65,396
Head of Profession: HR & Transformation		82,219	-	17,595	99,814
Head of Service: Housing	4	82,516	-	17,658	100,174
Head of Regulation and Economic Development		85,373	-	17,595	102,968
Head of Service: Adult Services		82,219	-	17,595	99,814
Head of Service: Highways, Waste & Property		88,526	-	17,595	106,121
Total		995,410	-	209,997	1,205,407

¹ The Returning Officer element of the Chief Executive's salary is £7,885 and is not included in the figures above.

² The Director of Function (Council Business) / Monitoring Officer (interim) was in post until 30/06/2022 when the Director of Function (Council Business) returned from a period of absence.

³ The Director of Education, Skills and Young People started in their post 01/09/2022, the position was vacant prior to this. The previous Director of Education left their post on 01/03/2022 and started in their new post as Deputy Chief Executive on 01/04/2022.

⁴ The Head of Housing received an honorarium of £296.97 for extra responsibilities undertaken during the year.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2022/23 is 5.17:1 (5.53:1 in 2021/22). The median salary for all employees in 2022/23 is £24,054 (£22,129 in 2021/22). This is the salary at the mid-point of all employees' salaries, from lowest to highest.

Comparative figures for 2021/22 are shown in the following table: -

Senior Officer Remuneration 2021/22	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive ¹	122,940	-	25,405	148,345
Chief Executive ¹	3,617	-	774	4,391
Deputy Chief Executive ¹	98,070	-	20,987	119,057
Director of Function (Council Business) / Monitoring Officer ²	81,943	-	17,493	99,436
Director of Function (Council Business) / Monitoring Officer (interim) ²	29,972	-	6,414	36,386
Director of Function (Resources) & S151	90,420	-	19,350	109,770
Director of Social Services ⁴	91,155	-	19,507	110,662
Director of Education, Skills and Young People	90,420	-	19,350	109,770
Head of Profession: HR & Transformation ⁴	80,532	-	17,234	97,766
Head of Service: Housing ⁴	81,956	-	17,539	99,495
Head of Regulation and Economic Development ⁵	80,294	-	17,183	97,477
Head of Service: Adult Services ³	45,723	-	9,785	55,508
Head of Service: Adult Services (interim) ³	34,191	-	7,317	41,508
Head of Service: Highways, Waste & Property	80,294	-	17,183	97,477
Total	1,011,527	-	215,521	1,227,048

¹ The Chief Executive left her post on 20/03/2022 and the Deputy Chief Executive was appointed as the new Chief Executive on 21/03/2022. The Deputy Chief Executive post remained vacant for the remainder of the year.

2 The Interim Director of Function (Council Business / Monitoring Officer has been in post since 19/11/2021, due to the long term absence of the original post holder.

3 The Interim Head of Adult Services left the post on 31/08/2021 with the new Head of Adult Services commencing on 06/09/2021. The Director of Social Services and Head of Services (interim) also received a special recognition payment of £735 which was given to social care workers to recognise and reward the hard work of social care staff who have provided essential care to our most vulnerable citizens during the Covid-19 pandemic.

4 The Head of Service for Housing received an honorarium for additional duties for the sum of £1,662 between 1 April 2021 and 30 September 2021. The Head of Profession, HR and Transformation received an honorarium for additional duties for the sum of £238 between 1 December 2021 and 31 March 2021.

5 The Head of Regulation and Economic Development was made permanent on 27/04/2021.

Note: Returning Officer element of Chief Executive salary is £6,410 and is not included in the figures above. The Director of Place & Community Wellbeing has been removed from the structure.

NOTE 28 – EXIT PACKAGES

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies is set out in the table below: -

Exit cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23 £'000	2021/22 £'000
£0 - £20,000	1	5	1	3	2	8	20	71
£20,001 - £40,000	-	-	1	1	1	1	38	37
£40,001 - £60,000	1	-	-	-	1	-	46	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	1	-	-	-	1	-	81	-
£100,001 - £250,000	-	-	-	-	-	-	-	-
Total	3	5	2	4	5	9	185	108

In accordance with requirements, exit costs which the Council were committed to incurring at the 31st March, but paid after this date are included in the above. The totals disclosed are made up of payments made to the individual and any payments made by the Council to the pension fund when an employee retires early without actuarial reduction in pension in accordance with the Council's Discretionary Compensation Policy. In addition to the termination costs laid out in the table above, the council also accounted for a share in the termination costs of 25 employees for the Test, Trace and Protect joint working arrangement lead by Flintshire County Council and funded through Welsh Government grant income.

NOTE 29 – EXTERNAL AUDIT FEES

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

	2022/23 £'000	2021/22 £'000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	229	193
Fees payable to Audit Wales in respect of statutory inspections	104	100
Fees payable to Audit Wales for the certification of grant claims and returns for the year	75	45
Total	408	338

NOTE 30 – GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23 and 2020/21 as follows: -

	Note	2022/23 £'000	2021/22 £'000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	12	89,058	82,734
Capital Grants and Contributions	12	16,659	15,326
Non-Domestic Rates AEF (NDR)	12	25,493	23,480
Grant - HRA (Capital Grants and Contributions)	12	3,782	5,380
Total		134,992	126,920
Credited to Services			
Grants:			
Post-16 Grant (Education)		3,372	3,066
Education Improvement Grant (Education)		2,865	2,878
Pupil Development Grant (Education)		1,956	1,880
Children and Communities Grant (Children's Services)		3,577	3,423
Concessionary Fares Grant		541	793
Housing Benefit Subsidy		13,270	14,272
Housing Support Grant		3,721	3,502
Environment and Sustainable Development Grant		464	649
Levelling Up Fund		129	48
Community Renewal Fund		2,351	248
Integrated Care Fund		1,961	1,578
Total		34,207	32,337
Covid Related Grants			
Covid Local Government Single Emergency Hardship Fund:			
Lifelong Learning		620	1,006
Adult Services		15	1,643
Children's Services		-	310
Housing		-	564
Highways, Property and Waste		-	338
Economic Development and Regulatory Resources		37	463
Housing Revenue Account		-	220
NDR Relief Grant		1,799	8
Total		2,471	6,819
Other Covid Grants:			
Lifelong Learning		914	2,244
Highways, Property and Waste		-	2
Economic Development and Regulatory		-	4
Total		914	2,250
Other Grants:			
Lifelong Learning		3,992	4,751
Adult Services		1,308	4,136
Children's Services		3,360	3,032
Housing		2,551	1,340
Highways, Property and Waste		3,840	3,127
Economic Development and Regulatory		3,358	4,955
Corporate Transformation		293	239
Resources		1,408	1,170
Council Business		14	5
Corporate and Democratic Costs		-	396
Housing Revenue Account		116	-
Total		20,240	23,151
Contributions:			
		8,295	7,827
Total grants and contributions credited to services		66,127	76,936
Total		201,119	203,856

Revenue Grants Received in Advance

Revenue Grants Received in Advance	2022/23 £'000	2021/22 £'000
Lifelong Learning	47	198
Economic Development and Regulatory	441	1,984
Housing	21	4
Social Services	155	257
Corporate Transformation	14	21
Rate Relief	447	192
Total	1,125	2,656

Capital Grants Received in Advance

The following capital grants were received in advance and have not been applied to the Comprehensive Income and Expenditure Statement: -

Capital Grants Received in Advance	2022/23 £'000	2021/22 £'000
Welsh Government Capital Grants and Contributions Received in Advance:		
Long-term		
North Wales Economic Ambition Board	5,401	888
Short-term		
Welsh Government contribution to Construction in Penrhos Phase III	612	-
Welsh Government contribution to Construction in Penrhos Phase II	-	1,987
Welsh Government contribution to Construction in Llangefni	22	-
Contaminated Land	17	17
Gateway Units	-	261
21st Century Schools	50	50
Childcare small grant scheme	-	43
Area of Outstanding Natural Beauty Grant	-	-
Community Disabled Hub Grant	10	10
Hwb IT Infrastructure Grant	99	139
Green Recovery Grant	71	71
Circular Economy Grant	-	6
Anglesey Sustainable Landscapes, Sustainable Places	-	-
Green Spine Anglesey Project	-	-
Electric Vehicle Infrastructure	189	276
General Capital Grant	-	1,701
North Wales Economic Ambition Board	1,425	3,624
Local Transport Fund Bus Infrastructure	28	-
Optimised Retrofit Programme Phase 3	371	-
Social Sector Medium & High Rise Remediation Capital Grant	269	-
Other	19	-
Capital Grants and Contributions Received in Advance from other Organisations:		
Housing Commuted Sums	-	676
Amlwch 3G Pitch	-	75
Sports Wales	329	-
Other	100	22
Total	9,012	9,846

NOTE 31 – RELATED PARTIES

The Council is required to disclose information in relation to the Authority's transactions and outstanding balances with its related parties. The materiality of individual transactions arising through related parties and the following disclosures are concerned with transactions between the Council and its related parties. Details regarding joint committees and joint arrangements can be found in Note 37 Joint Committees.

Members

Members are responsible for the direct control of the policies of the Council. The total Members' allowances paid during 2022/23 is shown in Note 26. The Council appoints Members to certain public, charitable and voluntary bodies, which are independent from the Council but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected Councillors, sit on the various committees and forums that are responsible for them. The breakdown of transactions with bodies under this heading are as follows:

	2022/23 £'000	2021/22 £'000
Payments made	3,555	4,138
Amounts owed by the Council	11	3,610
Amounts owed to the Council	3,473	669

A summary of the individual organisations (where not disclosed elsewhere) which have transactions with the Council in excess of £20k:-

Body	Relationship	Payments Made £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
2022/23				
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	761	4	19
Medrwn Môn	Member appointed by the Council to be a representative	310	-	-
Bangor University	Member appointed by the Council to be a representative	81	-	26
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	168	-	-
Total for 2022/23		1,320	4	45
2021/22				
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	340	-	19
Medrwn Môn	Member appointed by the Council to be a representative	306	-	-
North Wales Housing	Member appointed by the Council to be a representative	29	-	-
Cyngor ar Bopeth Ynys Môn	Member appointed by the Council to be a representative	204	-	-
Total for 2021/22		879	-	19

The Council is a member of the Welsh Local Government Association, to which subscriptions of £129k were paid in 2022/23 (£100k 2021/22).

Members have declared interests in contracts or in organisations which may have dealings with the Council. Of the eight Members who served for the period 1 April 2022 to 5 May 2022, three did not complete a declaration for the period. A breakdown of the payments made to these companies under this heading are as follows:

	2022/23 £'000	2021/22 £'000
Payments made	444	1043

Transactions greater than £20k and not included elsewhere in this note can be found below:

Organisation	Payments made £'000	Amounts owed by Council £'000	Amounts owed to Council £'000
2022/23			
Age Cymru Gwynedd a Môn	121	-	-
Cymell Ltd	137	-	2
Seiriol Community Centre	20	-	-
Bwyd Da Môn CBC	37	-	-
Cyngor Bro Llanfairpwll	22	-	-
2021/22			
Anglesey Young Farmers	38	-	-
Holyhead Town Council	102	-	14

Senior Officers

Senior Officers are required to complete a personal declaration of interest, stating any interests they may hold with any organisation which may receive payments from the Council. Senior Officers' remuneration totals can be seen under Note 27. A breakdown of the payments made to these companies under this heading are as follows:

Interest	2022/23 Payments made £'000	2021/22 Payments made £'000
Head of Housing has interest in community run public house	9	17
Director of Social Services a director of a performing arts association	4	6

They did not take part in any decision or administration of the grant.

Government

Welsh Government has effective control over the general operations of the Council as it provides the statutory framework within which the Council operates. It also provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. council tax, housing benefits). Details of Grant Income is set out in Note 30. Totals for Taxation and Non-Specific Tax is included in Note 12.

Betsi Cadwaladr University Health Board (BCUHB)

Betsi Cadwaladr University Health Board (BCUHB), through common control by central Government, is a related party to the Council. A breakdown of transactions are as follows:

	2022/23 £'000	2021/22 £'000
Payments made	1,317	1,536
Payments received	5,338	6,585
Amounts owed by the Council	490	380
Amounts owed to the Council	3,224	2,428

INTERESTS IN COMPANIES

The Council has an interest in the following company, where the other member is Gwynedd Council, but it does not have significant influence over the company:-

Cwmni Cynnal Cyf

This company was established jointly by the Isle of Anglesey and Gwynedd Councils on local government reorganisation. It provided education support services under contract to maintained schools and to the local education authorities and schools inspection services to Estyn. The income of the company can only be applied towards the promotion of its objectives. The company was limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

Payments to Cwmni Cynnal Cyf are as follows:

	2022/23 £'000	2021/22 £'000
Payments made	30	843
Amounts owed by the Council	-	3
Amounts owed to the Council	-	-

An extract from their financial statements is as follows:

	Net (loss) before tax/ Net gain before tax £'000	Turnover £'000	Net (Liabilities) / Net Assets £'000
31 March 2022	164	30	843
31 March 2021	113	-	-

This company appointed Ieuan Williams as their Chief Executive Officer in 2017. Ieuan Williams is a councillor of the Authority and previously held the role of Deputy Leader. The Deputy Chief Executive Officer of the Council, Mr. Rhys Howard Hughes also held a post as Director for the company.

The company ceased trading on 31 March 2022 and the staff transferred to the Isle of Anglesey County Council and Gwynedd Council under TUPE rules on 1 April 2022. The Company's contracts also transferred across, for which the Council paid £12.5k for the contracts it received. The net assets of the company will be transferred to a charity with similar charitable purposes upon liquidation. The winding up of the company commenced on 13 September 2022 and this process is still ongoing.

The Council also has interests in the following companies:-

Organisation	2022/23 Payments made £'000	2021/22 Payments made £'000
WJEC CBAC LTD	473	229
Menter Môn Cyf	677	453

Welsh Joint Education Committee - WJEC CBAC Limited

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

An extract from their financial statements is as follows:

	Net movement in funds £'000	Turnover £'000	Net (Liabilities) / Net Assets £'000
30 September 2022	31,097	55,493	87,174
30 September 2021	17,113	31,385	56,077

Copies of the company's accounts can be obtained from WJEC CBAC Limited, 245 Western Avenue, Llandaff, Cardiff, CF5 2YX. The auditor's report for the financial year ended 30 September 2022 is not qualified.

Menter Môn Cyfyngedig

The Council is a member of Menter Môn Cyf. The company's objectives are to promote economic growth in rural Anglesey. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

The company accounts shows the following:

	Net (loss) before tax/ Net gain before tax £'000	Turnover £'000	Net (Liabilities) / Net Assets £'000
31 December 2021	(753)	5,963	(2,541)
31 December 2020	(306)	5,283	(3,240)

North Wales Corporate Joint Committee (North Wales CJC)

The North Wales CJC was established during 2021/22 and comprises of the six North Wales local authorities and Snowdonia National Park. This joint committee is responsible for strategic development, planning, regional transport planning and promoting the economic well-being of North Wales. No budget was set for 2021/22. Isle of Anglesey Council's share for 2022/23 is £36k. The Statement of Accounts can be found here:

[North Wales Corporate Joint Committee \(llyw.cymru\)](http://llyw.cymru)

Caergeiliog Foundation School

Balances for current assets and liabilities controlled by Caergeiliog Foundation School are included in these accounts and so the school's reserves, as stated in this Balance Sheet, represent only the net current assets. The school also has non-current assets that are stated on the school's Balance Sheet at £687k at 31 March 2023 (£730k at 31 March 2022), on a combination of valuation and historical cost, less depreciation. The non-current assets are vested in the school's Governing Body and are not consolidated in this Council's Balance Sheet.

NOTE 32 – TRUST FUNDS AND OTHER FUNDS ADMINISTERED BY THE COUNCIL

The Council acts as trustee for a number of trust funds some of which are registered charities. The financial administration of the trusts is completed by the Council as Trustee though the financial information held about each trust is separately identifiable. The Isle of Anglesey County Council Welsh Act Fund and the Anglesey Further Education are the two larger trusts for which the Council is trustee for.

2022/23	2022/23 Income £'000	2022/23 Expenditure £'000	2022/23 Assets £'000	2022/23 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	12	0	705	-
Anglesey Further Education Trust Fund	702	242	4,906	22

2021/22	2021/22 Income £'000	2021/22 Expenditure £'000	2021/22 Assets £'000	2021/22 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	3	0	694	-
Anglesey Further Education Trust Fund - final accounts	137	113	4,737	22

Anglesey Further Education Trust Fund (Reg. No. 525254)

The Anglesey Further Education Trust is made up of three funds. This includes the David Hughes Estate of farms and smallholdings which is managed by the Council's Smallholdings team within the Property Section. The David Hughes fund collects rents from its smallholdings and interest on its other investments. The other two funds earn income from non-property managed investments. The net income from the trust is to fund financial assistance for eligible older pupils and young people under 25 to help them to complete courses where they are at a financial disadvantage.

The current final audited accounts for the trust relate to 2021/22 which can viewed using the below link.

[Accounts and annual returns, ANGLESEY FURTHER EDUCATION TRUST FUND - 525254, Register of Charities - The Charity Commission](#)

Isle of Anglesey County Council Welsh Church Act Fund

This fund was previously managed by Gwynedd County Council which transferred the assets of the fund to the Council in May 2019. A consultant is currently reviewing the trust with a view to launching a new scheme which will outline the purpose of the fund, its plan for the provision of charitable aid as well creation of the fund as a new charity. The net assets of the fund at 31 March 2023 was £705k (£694k in 2021/22).

Minor Trusts

The Council is also trustee for a number of small education trusts as shown below.

	2022/23 Assets £	2021/22 Assets £
Minor Education Trusts		
Amlwch		
Sir Thomas Jones and feeder schools	1	1
Mrs Dilys Evans BA	2	2
Mr Caradoc Evans MSc	2	2
Holyhead		
Stanley Scholarship	13	14
Menai Bridge		
F C Baines AP	33	34
Others		

Other funds administered by the Council

The Council as part of its safeguarding and supporting vulnerable people remit also administer a number of client bank accounts which the Council has been appointed to manage by the Department of Work and Pensions (DWP) as Corporate Appointee or the Court of Protection as relevant. This is on behalf of individuals who lack the capacity to manage their financial affairs themselves. These are managed by a team in Adults services and are monitored biannually by the Court of Protection. The total value of these accounts at 31 March 2023 was £842k (£698k in 2021/22). This value is not included in the Council balance sheet as the funds do not belong to the Council.

NOTE 33 – TEACHERS’ PENSION SCHEME

Teachers employed by the Council are members of the Teachers’ Pension Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members’ pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers’ contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2022/23, the Council paid £6.332m to Teachers’ Pensions in respect of teachers’ retirement benefits, representing 23.63% of pensionable pay (£5.838m and 23.68% in 2021/22).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefits basis and detailed in Note 34 below.

NOTE 34 – LOCAL GOVERNMENT DEFINED BENEFIT PENSION SCHEME

Retirement Benefits Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Gwynedd Pension Fund administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. In addition, the Council's share of the pension income, costs, assets and liability relating to the North Wales Economic Ambition Board are included in these figures.

a) Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when the employees earn them, rather than when they are eventually paid as pensions. However, the charge made against the Council Fund is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year: -

	2022/23 £'000	2021/22 £'000
Service cost comprising:		
Current service cost	23,124	23,603
Losses on settlements or curtailments	93	26
Total Service cost	23,217	23,629
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	14,201	10,839
Interest Income on scheme Assets	(10,773)	(7,185)
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	26,645	27,283
Return on Plan Assets (excluding amounts included in net interest expense)	16,664	(29,390)
Actuarial losses / (gains) arising on changes in demographic assumptions	(11,417)	(2,830)
Actuarial losses / (gains) arising on changes in financial assumptions	(211,308)	(39,560)
Other	49,790	(283)
Total re-measurement of net defined benefit liability - Asset	(156,270)	(72,063)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(129,625)	(44,780)
Reversal of net charges made for retirement benefits in accordance with the code	16,179	17,000
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	10,466	10,283
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	26,645	27,283

b) Pension Assets and Liabilities recognised in the Balance Sheet

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the Scheme as at 31 March 2023.

Amounts included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31 March 2023	31 March 2022 Restated
	£'000	£'000
Present Value of Scheme Assets	383,797	397,617
Present Value of Scheme Liabilities	(363,983)	(518,816)
Net liability arising from defined obligation	19,814	(121,199)

Reconciliation of Present Value of the Scheme Liabilities

	2022/23	2021/22 £'000 Restated
Balance as at 1 April	518,816	534,216
Adjustment to opening balance to amend NWEAB 2021/22	149	-
Current service cost	23,124	23,486
Interest cost	14,201	10,839
Contributions from scheme participants	3,144	2,796
Remeasurement losses / (gains)	(183,988)	(42,673)
Past service costs	93	26
Estimated unfunded benefits paid	(923)	(793)
Estimated benefits paid	(10,632)	(9,081)
Balance as at 31 March	363,983	518,816

Reconciliation of Present Value of the Scheme Assets

	2022/23 £'000	2021/22 £'000 Restated
Opening Fair Value of Scheme Assets as at 1 April	397,617	357,955
Adjustment to opening balance to amend NWEAB 2021/22	149	-
Interest Income	10,773	7,185
Return on plan assets (excl. net interest expense)	(16,664)	29,390
Other Experience	(11,055)	-
Contributions by members	3,143	2,796
Contributions by employer	10,466	9,372
Contributions in respect of unfunded benefits	923	793
Unfunded benefits paid	(923)	(793)
Benefits paid	(10,632)	(9,081)
Balance as at 31 March	383,797	397,617

c) Fair Value of Scheme Assets

The table below shows a difference between 2021/22 and 2022/23 in the categorisation of equities and other investments between the Prices Quoted in Active Markets and Prices Not quoted in Active Markets. The Pension fund managers have since 2018/19, started to move investments from those quoted in active markets to two global pooled funds in the Wales Pensions Partnership (WPP). These investments are shown within Investment Funds and Unit Trusts which are not quoted in open markets. More information about the Gwynedd Pension Fund in its entirety is available on the following link:

<https://www.gwyneddpensionfund.wales/en/Home.aspx>

The Council's share of the Pension Scheme assets comprise: -

	2022/23 Prices Quoted in Active Markets £'000	2022/23 Prices not quoted in Active Markets £'000	2021/22 Prices Quoted in Active Markets £'000	2021/22 Prices not quoted in Active Markets £'000
Cash and cash equivalents	1,197	-	2,084	-
Private Equity	-	24,150	-	22,734
Investment Funds and Unit Trusts				
Equities	-	238,805	-	247,932
Infrastructure	-	10,891	-	9,657
Other	-	77,139	-	79,038
	-	-	-	-
Real Estate				
UK Property	-	31,615	-	36,172
Overseas property	-	-	-	-
Total Value – All Assets	1,197	382,600	2,084	395,533
Total Value of Active and Non-Active Assets		383,797		397,617

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

	31 March 2023	31 March 2022
Cash and cash equivalents	0%	0%
Equity investment (by industry type)		
Private equity	6%	6%
Investment Funds and Unit Trusts		
Equities	62%	64%
Infrastructure	3%	2%
Other	21%	20%
Real Estate		
UK Property	8%	8%
Total	100%	100%

ch) Scheme History

Analysis of scheme assets and liabilities: -

	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
	£'000	restated £'000	£'000	£'000	£'000
Fair Value of Assets in pension scheme	383,797	397,617	357,955	274,492	312,536
Present Value of Defined Benefit Obligation	(363,983)	(518,816)	(534,216)	(399,012)	(443,266)
(Deficit)/Asset in the Scheme	19,814	(121,199)	(176,261)	(124,520)	(130,730)

The analysis of scheme assets and liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The present value of defined benefit obligations of £363.983m which is significantly lower than usual value due to the increased discount factor prescribed by accounting standards and used by the Actuary. This as mentioned in the narrative report is linked to the increased bank base rate and the value of UK corporate bonds which the discount factor is based on. The fair value of assets in the pension scheme is £383.797m which is higher than the obligations.

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

	2022/23	2021/22
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	20.9 years	21.3 years
Women	23.7 years	23.7 years
<i>Longevity at 65 for future pensioners:</i>		
Men	22.1 years	22.4 years
Women	25.5 years	25.7 years
Inflation/Pension Increase Rate	2.95%	3.20%
Salary Increase Rate	3.45%	3.50%
Expected Return on Assets	-1.50%	10.20%
Rate for discounting scheme liabilities	4.75%	2.70%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50%	50%
Service post April 2008	65%	75%

dd) Sensitivity Analysis

The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change in assumption that all the other assumptions remain constant. The sensitivity analysis shows that the impact of a 0.1% increase in the real discount rate due to potential market changes which could decrease the fund's liabilities by £6.939m. A one year increase in member life expectancy could increase liabilities by £14,554m. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e if improvements to survival rates predominately apply to younger or older ages). A 0.1% increase in the salary increase rate, could increase the fund's costs by £935k. A 0.1% increase in the pensions' rate could increase liabilities by £6.106m. The estimations in the sensitivity analysis have been calculated in accordance with professional actuarial assumptions, IAS 19, and FRS 102.

This means that the use of the 0.1% assumptions below were selected by the specialist actuary in accordance with his/her professional judgement. The Actuary would have considered current and past information. Information about people's lifespans and demographic information would have also influenced this.

Change in assumptions as at 31 March 2023	Approximate % increase to employer	Approximate Monetary Amount £'000
0.1% decrease in real Discount Rate	2%	6,939
1 year increase in member life expectancy	4%	14,554
0.1% increase in the Salary Increase Rate	0%	935
0.1% increase in the Pension Increase Rate (CPI)	2%	6,106

e) Impact on the Authority's Cash Flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed by 31 March 2023.

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

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

The net asset/liability show underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net asset of £19.814m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. This is a statutory accounting asset which does not affect Council balances. However, the accounting standard for Pensions IAS19 and IFRIC14 requires that a net pension asset cannot be included as an asset on the balance sheet, this has therefore been excluded and the pension liability and related pension unusable reserve also have nil balances.

f) Estimated contributions to be paid to Gwynedd Pension Fund in 2023/24

The Council anticipates paying £9.808m contributions to the scheme in 2023/24. The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2021/22 as at 31 March 2023 is £1.147m and is included in the short-term creditors' disclosure note.

NOTE 35 – FINANCIAL INSTRUMENTS

Financial instruments are contractual agreements between two or more parties regarding a right to payment of money. One party would have a financial asset where money or another financial asset is given to the other party, in exchange for the agreed return of the money or financial instrument, often with interest or a favourable return on the investment. The transaction would be a financial liability for the other party or parties. This would be the agreement to repay the money at the contracted time and for the agreed return. For example, the Council's main financial assets are its investments in bank deposits.

Examples of financial assets are cash, bank deposits, trade receivables (debtors), equities, bonds, and derivatives. Examples of financial liabilities are borrowings, trade payables (creditors) and any contractual obligation to deliver cash or financial assets to another entity.

Note 35a FINANCIAL ASSETS

This note shows the different categories of financial assets required by IFRS 9 and the value of the Council's financial assets at 31 March 2023. It also provides the value of non-financial assets, which includes the value of Land and Property and other assets. The Council can only enter into financial assets and liabilities in accordance with the Council's Treasury Management Strategy Statement. The strategy specifies strict criteria; therefore, the Council can only invest in financial assets which are highly secure, and which can be accessed when the Council needs the cash.

Most investments are deposits in UK banks which meet the Council's credit rating criteria, or loans to other local authorities. These all fall under the IFRS 9 classification of Financial Assets measured at Amortised cost as highlighted by Note 35a.

The table below shows the carrying amount of the financial assets. This is the value of the financial assets in the Balance Sheet based on amortised cost. would be the price to sell the financial assets on 31 March 2023.

Financial Assets	Short-term				Long-term				Total			
	31/03/2023		31/03/2022		31/03/23		31/03/2022		31/03/2023		31/03/2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000	£'000
Financial assets held at amortised cost												
Cash and cash equivalents												
Cash and cash equivalents - deposits	19,021	19,021	38,616	38,618	-	-	-	-	19,021	19,021	38,616	38,618
Other Cash and cash equivalents	719	719	5,862	5,862	-	-	-	-	719	719	5,862	5,862
Other Short-term Investments	22,500	22,500	7,500	7,501	-	-	-	-	22,500	22,500	7,500	7,501
Total Investments	42,240	42,240	51,978	51,981	-	-	-	-	42,240	42,240	51,978	51,981
Debtors												
Rents	317	317	648	648	-	-	-	-	317	317	648	648
Employee Loans	131	131	159	159	14	14	95	95	145	145	254	254
Trade Debtors	2,327	2,327	3,242	3,242	-	-	-	-	2,327	2,327	3,242	3,242
Deferred Income	-	-	-	-	1,220	1,220	967	967	1,220	1,220	967	967
Housing Benefits Overpayments	170	170	950	950	-	-	-	-	170	170	950	950
Other debtors	637	637	59	59	-	-	-	-	637	637	59	59
Total Debtors	3,582	3,582	4,940	4,940	1,234	1,234	1,062	1,062	4,816	4,816	6,002	6,002
Total Financial Instruments	45,822	45,822	56,918	56,921	1,234	1,234	1,062	1,062	47,056	47,056	57,980	57,983
Assets not Defined as Financial Instruments	36,730	36,730	39,028	39,028	496,430	496,430	475,820	475,820	533,160	533,160	514,848	514,848
Total Assets	82,552	82,552	95,946	95,949	497,664	497,664	476,882	476,882	580,216	580,216	572,828	572,831

The financial assets are split between investments and debtors. The investments are the cash deposits in UK banks along with other cash and cash equivalents which relate to the amounts held for operational banking and payment of day-to-day costs. The Council also invested £10.000m in a fixed term deposit at a higher interest rate. The amounts held as cash and cash equivalents in UK bank deposit accounts are surplus to the day-to-day needs, but which will be required in the future. These earn interest for the period invested. The other category of financial assets is debtors.

These relate to organisations or individuals who owe the Council money. The most significant are trade debtors which relate to amounts due for services received. Employee loans are also shown; these are soft loans which mainly relate to car loans for members of staff who travel more extensively on Council business. The loans were provided at lower than market value rate due to the need for work-related travel. Debtors exclude transactions with government departments, and income and payments arising from taxation, including Council Tax and business rates.

NOTE 35b – FINANCIAL LIABILITIES HELD BY THE COUNCIL

All of the Council's Financial Liabilities are classified as Financial Liabilities at Amortised Cost. This is shown below in Note 35b. The note also shows the value of non-financial liabilities.

The Council's borrowing liabilities amounted to £125.668m at 31 March 2023. This is the borrowing taken out over the years to fund capital expenditure on the construction of or refurbishment of Council assets. The short-term loans are the amounts due to be repaid by 31 March 2024. The long-term loans are due to be paid in more than one year's time. The main provider of loans to the Council is the Public Works Loans Board (PWLB), which is part of Central Government's Treasury Department.

The fair value of the Council's borrowing was calculated by the Council's Treasury Management consultants, Link Asset Services. The total fair value on the Council's borrowing was £120.003m, lower than the carrying value on the Balance Sheet of £125.668m at 31 March 2023. The fair value of the assets is £5.665m lower than the carrying amount because the PWLB is offering a net discount if the Council replaces these loans with new loans. The Council has benefitted from lower interest loans while the base rate of interest has been low. This has helped ensure that interest repayable each year is lower than previous years when interest rates were higher. The cost in increased interest repayable each year would be higher than the value of the PWLB total discount and the annual interest cost on the new loans would not be affordable.

Financial Liabilities	Short-term				Long-term				Total			
	31/03/2023		31/03/2022		31/03/2023		31/03/2022		31/03/2023		31/03/2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost												
Borrowing												
PWLB	3,738	3,811	4,191	4,261	117,708	112,664	119,578	162,446	121,446	116,475	123,769	166,707
Salix	373	373	373	456	3,849	3,155	3,099	2,410	4,222	3,528	3,472	2,866
Total Financial Liabilities - Borrowing	4,111	4,184	4,564	4,717	121,557	115,819	122,677	164,856	125,668	120,003	127,241	169,573
Creditors												
Trade	11,650	11,650	3,037	3,037	-	-	-	-	11,650	11,650	3,037	3,037
Other Creditors	1,177	1,177	2,642	2,642	-	-	163	163	1,177	1,177	2,805	2,805
Total Financial Liabilities - Creditors	12,827	12,827	5,679	5,679	-	-	163	163	12,827	12,827	5,842	5,842
Total Financial Liabilities	16,938	17,011	10,243	10,396	121,557	115,819	122,840	165,019	138,495	132,830	133,083	175,415
Total Liabilities not defined as Financial Liabilities	27,178	27,178	41,901	41,901	9,893	9,893	125,610	125,610	37,071	37,071	167,511	167,511
Total Liabilities	44,116	44,189	52,144	52,297	131,450	125,712	248,450	290,629	175,566	169,901	300,594	342,926

¹ The total fair value of total liabilities not defined as financial liabilities has been restated from £157.214m to the correct value of £167.511m resulting in a revised total fair value for 2022/23 from £332.629m to £342.926m.

NOTE 35c – INCOME, EXPENDITURE, GAINS AND LOSSES

The table below shows the impact of the Council's financial instruments held on the Council's annual revenue account for 2022/23.

The table shows that the Council was charged £599k (£416k in 2021/22) for the impairment and de-recognition of the financial assets noted above in Note 35a. Impairment and de-recognition charges are shown in more detail in Note 36a. The debtors asset is impaired to consider the risk that not all outstanding debts will be paid. A charge for de-recognition is made for outstanding income unlikely to be paid. This reduces the value of the assets by this amount and charged the Comprehensive Income and Expenditure Statement (CIES).

The Council received £963k (£19k in 2021/22) in interest from its deposits in UK banks and loans to other local authorities. Interest on investments has increased significantly due to the impact of the increasing interest rates. This will also increase the interest receivable for 2023/24. The interest payable on borrowings relating to 2022/23 was £5.699m (£5.591m in 2021/22).

Income, Expense, Gains and Losses	2022/23		2021/22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net (gain)/losses on:				
Financial assets measured at amortised cost (impairment loss allowance and derecognition)	599	-	416	-
Total net gains/losses	599	-	416	-
Interest revenue:				
Financial assets measured at amortised cost	(963)	-	(19)	-
Total interest revenue	(963)	-	(19)	-
Interest expense:				
Financial liabilities measured at amortised cost	5,699	-	5,591	-
Total Interest Expense	5,699	-	5,591	-

NOTE 36 – THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Market Risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates. The overall management of significant risks arising from Financial Instruments is supported by the Council's Treasury Management Strategy Statement and Annual Investment Strategy which is approved by the full Council. The Council has only invested in UK banks and other local authorities during the year. The base rate increases have led to a significant increase in interest receivable. However, if the Council borrows from the PWLB in the future the interest rates will be much higher which would increase annual interest costs.

Credit Risk – Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers (debtors on the Balance Sheet). The standard requires the Council to provide for potential credit losses from potential non-payment of income due to the Council. This is called the Impairment loss allowance (ILA). Instead of basing potential losses on historic information only, the Council will consider potential future credit losses earlier and has revised the impairment policy to impair for potential credit losses on more current debtors. The revised policy can be found in Note 41 Accounting Policies.

The Council has assessed the credit risk of bank deposits on the likelihood of the bank defaulting in repaying the investment. There are increased risks to the banking sector from Brexit, the impact of the Pandemic and more recently, the war in Ukraine. However, the risk of default is still considered low. This is due to banks’ increased financial resilience following new legislation following the 2008 banking crises. The bank deposits have, therefore, not been impaired. Deposits are not made with banks and financial institutions unless, having been rated independently, they have attained a minimum credit rating or level of government guarantee, and credit limits are set for each counterparty. The Council has set a number of limits based on credit quality for different types of institutions, different periods and amounts and has a policy of not lending more than £10m to any one institution other than the UK government. The Council monitors credit ratings regularly and is alerted to changes by its Treasury Management consultants. Appropriate action is taken following any changes in accordance with the Annual Investment Strategy. An Annual Treasury Report is produced to report on investment activity.

There were no material breaches of credit limits during the financial year and there were no breaches of the counterparty criteria. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers; it has prescribed collection procedures for amounts owed by its customers and appropriate provisions are made for potential

credit losses. In some circumstances, the Council obtains a legal charge on property to cover deferred debts, such as self-funding of residential care. The Council also has a number of longer-term debtors, mainly car loans to employees and residual mortgages from a closed scheme offering home loans to tenants and to members of the public. The residual mortgages are low risk due to the charge held by the Council on mortgaged properties. The car loans are considered low risk due to the ability to deduct repayments of car loans from employees’ salaries, reciprocal arrangements with other local authorities for any staff transferring with outstanding car loans, insurance for loans unpaid due to death in service and normal debt recovery procedures for any employees who leave local government employment.

NOTE 36a – IMPAIRMENT AND DERECOGNITION OF FINANCIAL ASSETS

In order to ensure that the Council’s income is not overstated in these accounts, debtors balances are impaired to account for the credit risk of receiving less income than is outstanding. This impairment takes into account more current debtors as well as debts outstanding over a longer period of time. In order to ensure that the Council does not recognise any income which might never be recovered, these debts are considered for write-off, which must be approved in accordance with the Council’s constitution. Those approved for write-off are removed from the debtors balance and charged against revenue in the Financing and Investment Income and Expenditure section of the CIES.

The changes in impairment allowance and amount de-recognised is shown below: -

Asset Class (amortised cost)	2022/23	2021/22
	Lifetime expected credit losses - not credit impaired £'000	Lifetime expected credit losses - not credit impaired Restated £'000
Opening Balance as at 1 April	4,121	3,743
Deposits in UK Banks	-	-
Trade Debtors (excluding public sector and taxation)	441	389
Soft Loans	-	(21)
Housing Benefit Overpayments	34	(34)
Rents	9	44
Total Impairment Allowance 31 March 2022	4,605	4,121
Financial Assets that have been derecognised	39	39
Total Impairment and Derecognition charged	523	417

NOTE 36b – Credit risk from investments

The below criteria provides the minimum credit ratings for institutions the Council invests in. In practice the Council invests in UK banks and building societies and other UK local authorities after assessment of their financial information. The criteria also allows for UK Central Government financial instruments and triple A rated money market funds. This criteria below is included in the annual Treasury Management Strategy Statement and has been approved by Full Council.

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

The table below details all the investments made by the Council as of 31 March, and the organisations' credit ratings which meet the Council's minimum criteria. In 2022, the Council started placing investments in fixed term fixed interest accounts which are secure but secure a higher rate of interest. This will continue throughout 2022/23 while cash balances are sufficient to allow investments for fixed periods of time.

Counterparty (Bank)	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard)	Long Term Credit Rating (Fitch)	Long Term Credit Rating	Long Term Credit Rating (Standard & Poor's)	Fair Value of Investments 31.03.23 £'000	Carrying Value of Investments 31.03.22 £'000
Goldman Sachs International Bank	F1	P-1	A-1	A+	A1	A+	7,500	7,501
Bank of Scotland	F1	P-1	A-1	A+	A1	A+	-	7,207
Natwest Cash Fixed Term Deposit	n/a	n/a	n/a	n/a	n/a	n/a	10,000	-
Natwest Cash Manager Call Account	n/a	n/a	n/a	n/a	n/a	n/a	11,518	24,001
Santander	F1	P-1	A-1	A+	A1	A	7,500	7,408
Royal Bank of Scotland	F1	P-1	A-1	A+	A1	A	2	2
Wrexham County Boough Council	n/a	n/a	n/a	n/a	n/a	n/a	5,000	-
							41,520	46,119

NOTE 36c – LIQUIDITY RISK AND PROFILE OF WHEN THE COUNCIL IS DUE TO REPAY LOANS

Liquidity Risk is low as the Council had no difficulty in the past in obtaining finance and has ready access to the Public Works Loans Board (PWLB) as lender of last resort. The key aims of the Treasury Management Strategy are to ensure the Authority is exposed to low risk and to ensure liquidity. The majority of the Authority's investments are in instant access deposit accounts. Therefore, there is a reduced risk that it will be unable to raise finance to meet its commitments under financial instruments.

However, there is often a risk that the Council will need to renew a significant proportion of its borrowings at a time of high interest rates. The current low interest rates would reduce interest rates on new loans that are taken out to repay the debt maturing. To assist in achieving this, the Council uses external treasury management advisors.

The maturity analysis of outstanding loans is shown in Note 36c below. Trade and other payables are due to be paid in less than one year.

	2022/23 Outstanding principal £'000	2022/23 Accrued interest £'000	2022/23 Cost less accumulated amortisation £'000	2021/22 Outstanding principal £'000	2021/22 Accrued interest £'000	2021/22 Cost less accumulated amortisation £'000
>50 years	-	-	-	-	-	-
34-50 years	41,476	-	41,476	49,976	-	49,976
23-33 years	41,738	-	41,738	45,712	-	45,712
15-22 years	23,219	-	23,219	11,932	-	11,932
11-14 years	2,422	-	2,422	2,194	-	2,194
7-10 years	3,816	-	3,816	4,938	-	4,938
4-6 years	5,620	-	5,620	4,523	-	4,523
1-3 years	3,266	-	3,266	3,401	-	3,401
Total Long-Term Borrowing	121,557	-	121,557	122,676	-	122,676
Total Short-Term Borrowing (< 1 year)	2,243	1,868	4,111	2,672	1,892	4,564
Total	123,800	1,868	125,668	125,348	1,892	127,240

NOTE 36ch – MARKET RISK AND ESTIMATED IMPACT OF A ONE PERCENT INCREASE IN INTEREST RATES ON FINANCIAL ASSETS

Interest Rate Risk – The Council faces potential risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would have the following effects: -

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

Borrowings are not carried at fair value as these are carried at Amortised Cost in accordance with the CIPFA code. Therefore, nominal gains and losses on fixed rate borrowings would not affect the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance.

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

All of the Council's current and long-term borrowings are held at fixed rates. This helps reduce the impact of bank rate changes on the Council. Note 39ch shows the impact of a 1% interest rate increase on the fair value of the Council Financial Instruments. The value of the loans in the Balance Sheet would remain the same due to the interest rates being fixed. However, the fair value would reduce. The rate increase would have a positive impact on the Council's deposits as an extra £115k interest receivable would be received if there was a 1% increase in interest rates. However, as the Council's investments are mainly fixed term which offer much higher returns, the impact of a 1% increase on this is not included in the below figure.

Impact of a 1% interest rate increase	£'000
Increase in interest receivable from investments	115
Impact on other Comprehensive Income and Expenditure	115
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income)	15,393

The Council receives regular market information and advice from its treasury management consultants and potential outcomes in relation to Brexit, Covid-19 and more recently the war in Ukraine.

The Council has sufficient cash balances and has not had to take out PWLB borrowing during the year. However, the Council did undertake two new Salix loans that are specific towards the development of more efficient energy usage.

NOTE 37 – JOINT COMMITTEES AND POOLED BUDGETS

NOTE 37a – JOINT COMMITTEES

Joint Planning Committee

The Isle of Anglesey County Council and Gwynedd Council are parties to the Joint Planning Committee.

Gwynedd Council is responsible for the operation of this committee, and the year-end balances are reflected in its Balance Sheet. The accounts for the committee can be viewed by following:-

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

GwE

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

Gwynedd Council is responsible for the operation of this committee, and the year-end balances are reflected in its Balance Sheet. The accounts for the committee can be viewed by following:-

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

North Wales Economic Ambition Board

The Council is part of the North Wales Economic Ambition Board which comprises representatives from all six of the North Wales Local Authorities. A key role of this committee is to coordinate the planning and delivery of the Growth Vision for North Wales, with an initial emphasis on the Growth Deal. The Growth Deal is a package of funding from Central Government and the Welsh Government, with a budget of £240m to deliver projects across Wales to deliver sustainable and economic growth.

Additional information about the Joint Committee can be found on Gwynedd Council's website at the following web address/link:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/North-Wales-Economic-Ambition-Board.aspx>

Parc Adfer (North Wales Residual Waste Treatment Project)

The Parc Adfer plant became fully operational during 2019/20. Service costs are being incurred and are reflected under the Highways, Property and Waste part of the Comprehensive Income and Expenditure Statement. Flintshire Council acts as lead authority on this project. A copy of the 2021/22 accounts can be viewed using the following:

<https://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=300&MId=5127&Ver=4&LLL=0>

The Isle of Anglesey County Council is also involved in various joint arrangements with neighbouring North Wales Councils and the Welsh Government, as follows:-

- North Wales Adoption Service (Lead: Wrexham. Parties: Flintshire, Denbighshire, Conwy, Gwynedd);
- Minerals and Waste Service (Lead: Flintshire. Parties: Denbighshire, Conwy, Gwynedd);
- Regional Emergency Planning Service (Lead: Flintshire. Parties: Wrexham, Denbighshire, Conwy, Gwynedd);
- Galw Gofal (Lead: Conwy, Parties: Gwynedd, Flintshire).

- Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board (see Note 37b);
- Penrhos Industrial Estate – A joint arrangement since 2020/21 with Welsh Government where the Council keeps 16% of the net rental income and the remainder transferred to the Welsh Government. The first phase has been completed and phases 2 & 3 are currently underway;
- Tregarnedd – a new joint arrangement with Welsh Government for the construction of industrial units in Llangefni. Building work on six new business units have been completed. Capital income from these units will be shared with Welsh Government.

The joint operations relating to Anglesey in 2022/23, which are a result of the Covid-19 crisis, are:-

- Test, Trace and Protect Programme – tracing the contacts of individuals who have contracted coronavirus to interrupt the spread of Covid-19 by ensuring cases and their contacts isolate. Flintshire County Council acts as lead for the six North Wales local authorities. Isle of Anglesey County Council's share of expenditure for 2022/23 is £364k;
- Bus Emergency Scheme – funding from Welsh Government to support regional bus operators. Flintshire County Council acts as agent for the six North Wales local authorities. The income and expenditure is shared between the North Wales authorities on the basis of the Bus Services Support Grant. Isle of Anglesey County Council received £852k during 2022/23 to be distributed to bus operators.

NOTE 37b POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1 April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions for Isle of Anglesey County Council are included in the Adults Services line of the Comprehensive Income and Expenditure Statement. This amounts to £5.708m in 2022/23 (£5.209m 2021/22).

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2023 are as follows; the contributions for quarter 4 are included for information only and have not been accrued in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2023/24:

North Wales Pooled Budget for Care Homes for Older People	2022/23	2021/22
	£'000	£'000
Expenditure		
Care Home Costs	111,032	98,982
Total Expenditure	111,032	98,982
Funding		
Isle of Anglesey County Council	(5,708)	(5,209)
Conwy County Borough Council	(15,864)	(14,221)
Denbighshire County Council	(10,236)	(9,340)
Flintshire County Council	(10,556)	(10,095)
Gwynedd Council	(11,214)	(9,143)
Wrexham County Borough Council	(14,434)	(15,317)
Betsi Calwaladr University Health Board	(43,020)	(35,657)
Total Funding	(111,032)	(98,982)
(Surplus)/Deficit transferred to Reserve	-	-

NOTE 38 – AGENCY ARRANGEMENTS

The Isle of Anglesey County Council acts as an agent for various schemes on behalf of the Welsh Government.

Houses into Homes

The Council acts as an agent for Welsh Government for the provision of loans to individuals for renovation of empty homes in order to reduce the number of empty homes on Anglesey and increase housing opportunities:-

Houses into Homes £715k (£715k 2021/22);
Home Improvements Empty Homes £108k (£108k 2021/22);
Town Centre Scheme £810k (£875k 2021/22);
Empty Homes Renovations Scheme £333k (£333k 2021/22).

The Covid Pandemic

During 2022/23, the Isle of Anglesey County Council has acted on behalf of the Welsh Government administering the different support grants made available to the residents and businesses of Anglesey during the pandemic and post pandemic recovery period.

The Council has continued to provide core services throughout the pandemic in addition to dealing with the additional work associated with these circumstances, namely administering the following Covid related grants:-

- Business Support Grants – grants to support businesses during lockdown closures;
- Self-Isolation Grants – payment to individuals who are self-isolating as a result of exposure / potential exposure to Covid-19;
- Winter Fuel Payments – payments to eligible households to provide support towards paying their winter fuel bills;
- Statutory Sick Pay (SSP) Enhancement – top up of SSP to full pay for care workers when they are unable to work due to Covid-19;

- Social Care Payments – bonus payment to social care workers as recognition of their work during the pandemic.

Grant Title	2022/23				2021/22			
	Payments Made £'000	Grant (Received)/Re paid from Welsh Government	Admin Fee Received £'000	Balance due (to)/from Welsh Government at 31 March £'000	Payments Made £'000	Grant Received from Welsh Government	Admin Fee Received £'000	Balance due (to)/from Welsh Government at 31 March £'000
		£'000				£'000		
Business Grants	-	2,172	-	-	1,119	(1,119)	(179)	(2,172)
Self-Isolation Scheme	416	(633)	(23)	-	522	(444)	(92)	452
Winter Fuel Payments	1,287	(1,545)	(46)	219	609	(212)	(28)	438
SSP Enhancement	137	(162)	-	-	80	(69)	-	41
Cost of Living Support Scheme	3,289	(3,289)	-	-	-	-	-	3,557
Energy Bills Support Scheme	-	(450)	-	-	-	-	-	-
Social Care Payments*	2,890	-	-	2,890	1,582	(1,584)	-	(1)
Homes for Ukraine	103	99	-	4	-	-	-	-
Total	8,122	(3,808)	(69)	3,113	3,912	(3,428)	(299)	2,315

Note – The 2021/22 figure of £3,557k for the Cost of Living Support Scheme has been correctly restated as balance due from Welsh Government at 31 March 2022 rather than payments made during the year.

Cost of Living Support Scheme

The Welsh Government announced a package of measures to help people with the cost of living crisis. The schemes are intended to provide immediate support as Wales recovers from the pandemic and support households to deal with the impact of increasing energy and other costs.

Energy Bills Support Scheme

This is a scheme to help reduce the impact of the rise in energy costs where £400 is provided to all households towards their energy bills.

Homes for Ukraine

The agency element of this scheme consisted of a £350 a month thank you payment to those who host families fleeing from the Ukraine, this rate increases to £500 after 12 months, up to a maximum of two years. The other element of this scheme is a £200 payment to Ukrainian families to help them to start a life in Wales.

NOTE 39 – COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the North Wales Police Authority for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax base for 2022/23 was 32,042.00 (31,548.20 in 2021/22).

The amount for a band D property in 2022/23, £1,738.01 (£1,697.14 in 2021/22), is multiplied by the proportion specified for the particular band to give the amount due by band. Individual amounts due are calculated by applying discounts and benefits to the amount due by band.

Council Tax bills were based on the following multipliers for bands A to I: -

Band	Total Dwellings	Multiplier	Band "D" Equivalent
A*	12	5/9	6.39
A	4,218	6/9	2,812.00
B	6,135	7/9	4,771.47
C	6,324	8/9	5,621.11
D	6,822	9/9	6,822.00
E	5,248	11/9	6,414.53
F	2,573	13/9	3,716.56
G	1,072	15/9	1,787.08
H	159	18/9	318.50
I	53	21/9	122.50
Total			32,392.14

The Council Tax Base is calculated as follows:-

	2022/23	2021/22
Band D equivalent as above	32,392.14	31,880.58
Collection Rate	98.50%	98.50%
Revised Band D equivalent	31,906.26	31,402.37
MoD Properties – Band D equivalent	135.74	145.83
Council Tax Base	32,042.00	31,548.20

Analysis of the net proceeds from Council Tax:	2022/23 £'000	2021/22 £'000
Gross Council Tax	55,595	53,931
Add/Less: provision for non-payment not required or not previously accounted for	(666)	(585)
Council Tax collectable	54,929	53,346
Less Council Tax Reduction awarded to residents	(6,236)	(6,294)
Net Proceeds from Council Tax	48,693	47,052

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. £6.236m of Council Tax reductions were awarded in 2022/23 (£6.294m in 2021/22).

NOTE 40 – NON-DOMESTIC RATES (NDR)

NDR is organised on a national basis. Non-domestic properties are normally assessed every five years for the purpose of calculating liability for NDR. The most recent list came into force on 1 April 2017, a new list is taking effect as of the 1st of April 2023, which will impact 2023/24 onwards. Revaluations do not raise extra revenue overall but reflect changes in the property market values across the country, redistributing the same total tax liability for NDR. Some rates bills will rise and some will fall but the average national bill will only change with inflation.

The Welsh Government specifies an amount for the rate – 53.5p in 2022/23 (53.5p in 2021/22), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR pool administered by the Welsh Government. The Welsh Government then redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

NDR income, after reliefs and provisions (including Small Business Rates Relief provided by the Welsh Government), amounted to £14.061m for 2022/23 (£8.207m in 2021/22) and was based on rateable value at the year-end of £41.428m (£40.998m in 2021/22).

Analysis of the net proceeds from non-domestic rates:	2022/23 £'000	2021/22 £'000
Non-domestic rates collectable	14,061	8,207
Cost of collection allowance	(184)	(179)
Interest paid on overpayments	-	-
Provision for bad debts	(169)	(1)
Contribution to cost of charitable relief	72	74
Retail, Leisure and Hospitality Business Rates Relief Scheme met from grant	1,578	6,853
High Street and Retail Relief met from grant	-	1
Payments into national pool	15,358	14,955
Redistribution from national pool	25,493	23,480

NOTE 41 – ACCOUNTING POLICIES

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

Policy Reference	Policy Title
1	General Principles
2	Accruals of Income and Expenditure
3	Events After the Balance Sheet Date
4	Jointly Controlled Operations and Jointly Controlled Assets
5	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
6	Value Added Tax (VAT)
7	Fair Value Measurement
8	Non-Current Assets (Property, Plant and Equipment)
9	Investment Properties
10	Intangible Assets
11	Inventories and Long-term Contracts
12	Cash and Cash Equivalents
13	Financial Instruments
14	Provisions, Contingent Liabilities and Contingent Assets
15	Reserves
16	Revenue Recognition
17	Internal Interest
18	Leases
19	Charges to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)
20	Government Grants and Contributions
21	Revenue Expenditure Funded from Capital Under Statute (REFCUS)
22	Overheads and Support Services
23	Foreign Currency
24	Employee Benefits
25	Exceptional Items
26	Accounting for NDR
27	Agency Income and Expenditure

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its financial position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations and the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the CIPFA Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). All principal accounting policies have been applied consistently throughout the year. The Statement of Accounts has been prepared on a "going concern" basis.

2. Accruals of Income and Expenditure

Transactions are accounted for in the year that they take place, not simply when cash payments are made or received. This accruals accounting approach provides a more complete basis for reporting the Council's financial performance as it includes the Council's future commitments to pay/receive cash for goods and services received but not paid by 31 March 2023. Income and expenditure are accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e., on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid. Income from the sale of goods is included in the accounts when the sale is completed, not when the cash is received. Income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and, as a result of this, the Council is due income in return for the services provided. In addition: -

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and bank deposits and payable on borrowings (including bank overdrafts) is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

3. Events after the Balance Sheet Date

Events can occur after the year-end which might have a significant effect on the financial results for that year. Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is authorised for issue when the Section 151 Officer signs the final audited accounts, after the accounts are approved by full Council. The law requires that the audited, authorised final accounts are completed by 31 July following the year-end. Two types of events can be identified: -

- Those that provide evidence of conditions that existed at the end of the financial year – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the financial year – the Statement of Accounts is not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

4. Jointly Controlled Operations and Jointly Controlled Assets

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

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

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates of Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Value Added Tax (VAT)

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

7. Fair Value Measurement

IFRS 13 Fair Value Measurement requires most non-current assets, liabilities, and financial instruments to be valued at fair value, often with regard to an active market value where available. For operational assets, the standard introduces the concept of fair value being based on current value (often value in use) for revaluations of Property, Plant and Equipment. This means measurements should reflect the market conditions for the service or function at the reporting date.

The standard provides different fair valuation approaches to differing asset types. For non-operational assets, i.e., investment assets, assets held for sale and surplus assets, these are valued at their highest and best use. Where there is an alternative use which would be of a higher fair value that is the fair value which would be used for the valuation of non-operational assets. The code does not require infrastructure assets to be revalued at current value. Infrastructure assets are, instead, valued at depreciated historical cost.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

8.1 Recognition

Non-current assets – Plant, Property and Equipment (PPE) – are physical assets which last a year or more and will be used by the Council in support of its provision of goods and services. The Council has set a minimum amount for expenditure on assets to be classed as capital expenditure. This de-minimis amount is £10k. Expenditure on the acquisition, creation or enhancement of non-current assets which cost £10k or more is capitalised on an accruals basis providing that it meets the above definition of a non-current asset. Plant, Property and Equipment would include assets such as machinery; it would not typically include assets held for sale as they would normally be expected to be disposed of within 12 months.

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

8.2 Measurement

Assets are initially measured at cost, comprising: -

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

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

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

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

- Infrastructure, community assets and assets under construction are valued at depreciated historical cost;
- Council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Council offices – current value, determined by the amount that would be paid for the asset in its existing use;
- School buildings – would be valued at current value in use but, because of their specialist nature, are measured at depreciated replacement cost;
- Surplus assets – the current value measurement is fair value, estimated at the highest and best use from a market participant's perspective;
- All other operational assets have been measured at current value based on existing use value (EUV). This means that the current value of land and buildings would be that amount which would be exchanged for an asset in its existing use. If there is no market evident for an asset due to its specialist nature or if the type of asset is rarely sold, the Authority estimates the current value using a depreciated replacement cost approach. For example, for property comprising land and buildings, depreciated replacement cost would be the market value for the existing use for the land on which the building sits plus the current gross replacement cost of the building less allowances for physical deterioration, obsolescence, and optimisation;
- Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Where there are conditions on any donated assets, the gain is instead credited to the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement;
- Where a part or component of an asset is replaced, the carrying value of the old part/component is derecognised to avoid double counting. The new component is then added to the carrying amount. If it is not practicable to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of the cost of the replaced part; and
- Where an asset is not held for the purpose of generating cash flows, value in use is assumed to be at least equal to the cost of replacing the asset's service potential.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year- end, but as a minimum every five years. In practice, the Council undertakes valuations of its Property, Plant and Equipment assets based on a five-year rolling programme. However, assets with a carrying value over £500k are revalued each year. Increases in asset values are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, revaluation gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows: -

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement (CIES).

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

8.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have occurred include: -

- Significant decline (i.e., more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, which is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the impairment against the asset is written down against that balance (up to the amount of the accumulated gains);

- where there is no balance in the Revaluation Reserve, the impairment against the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, to the extent that the original loss was recognised in the CIES, adjusted for depreciation that would have been charged if the loss had not been recognised. Any excess is recognised in the Revaluation Reserve.

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

8.4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets in order to allocate their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction). However, if any assets whose estimated useful economic lives are expected to be below or higher than the periods indicated below, due to professional opinion or provided by the manufacture or indicated as an industry standard. Depreciation can be charged on the estimated economic useful life outside the below boundaries.

Depreciation is calculated on the following bases: -

- Dwellings and other buildings – straight-line allocation over periods of up to 75 years, as estimated by the Valuer;
- Infrastructure – straight-line allocation over periods of up to 45 years;
- Vehicles, plant, furniture, and equipment – straight-line allocation over 5 to 15 years.

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

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

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

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

Applying this in practice requires an assessment against the below criteria, to establish if; -

- The economic useful life is significantly different from the other components of the asset i.e., 15 years or more;
- The value of the asset is £2m or greater and the component is over 25% of the total value of the asset; and

- The economic useful life is significantly different but the value represents less than 25% of the total value of the asset; the component will be separately identified if, in the Valuer's judgement, it is deemed to be material, e.g. where the value of a component is, say, £3m (10%) of the depreciating asset that has a total value of £30m.

If the depreciation asset is part of a wider group held for the same purpose, for example, leisure centres, this recommended policy on componentisation will be applied to the total of the wider group and not to each individual depreciating asset within the group.

8.5 Disposals and Nos-Current Assets Held-for-sale

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

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

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

8.6 Disposals of Non-Current Assets

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held-for-Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

8.7 Surplus Assets

The fair value of surplus assets is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This will be based on the highest and best use estimated using Level 1 inputs.

8.8 Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives to preserve the heritage of the Isle of Anglesey.

The Council owns a number of tangible heritage assets such as historical buildings and works of art.

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

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

Where a Heritage Asset has a finite life, depreciation is provided for on the same basis as for other classes of asset (for detail see Accounting Policy for Depreciation, 8.4 above).

Depreciation is not provided on Heritage Assets which have indefinite lives and a high residual value. The carrying amount of a Heritage Asset is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage, or new doubts arise as to its authenticity. Any impairment is recognised on the same basis as for other classes of asset (for detail see under Accounting Policy 8.3, Impairment). The Council does not currently actively seek further acquisitions of Heritage Assets but responds to opportunities to enhance its portfolio as they arise. The art collections are housed at Oriel Ynys Môn, with maintenance work being carried out as required. Parts of the collection are on display at any one time, while access to the remainder is available by arrangement. The Heritage Properties are managed and maintained, with due regard for their heritage characteristics, as part of the Council's overall portfolio of land and buildings.

8.9 Treatment of School Assets

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

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

Capital expenditure on community schools is added to the balances for those schools. Individual schools' balances as of 31 March 2022 are included in the Balance Sheet of the Council as any unspent delegated schools' budgets remain the property of the Council.

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

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

9. Investment Properties

Investment properties are those land and buildings that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are recognised when it is probable that future planned economic benefits will flow to the Authority and that the cost or fair value of the investment property can be reliably measured. Investment properties are measured initially at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. The Code requires that Investment Properties be valued at their highest and best use regardless of the intentions of the Council. This means that alternative uses have been considered for each investment property and, if there were an alternative use that would maximise fair value, then that is the fair value which is to be used. The properties are not depreciated but are revalued annually in accordance with IFRS 13 according to market conditions at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

10. Intangible Assets

Intangible assets are non-current, non-financial assets which are separately identifiable, but which do not have physical substance (for example, computer software). These are controlled by the Council as a result of past events. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. The useful economic life of intangible assets is determined by the relevant professional leading on the purchase

of/development of the intangible asset. The useful economic life of intangible assets is shorter than tangible assets, for example, between five to seven years. Intangible assets are amortised on a straight-line basis over the useful economic life of the asset.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are, therefore, carried at cost less accumulated amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Intangible assets are evaluated for any impairment annually and whenever there is an indication that an asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

11. Inventories and Long-Term Contracts

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

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

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

12. Cash and Cash Equivalents

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

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

13. Financial Instruments

13.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, are initially measured at fair value, and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

13.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets: -

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cash flows.

Financial assets are, therefore, classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Authority has made a number of loans to employees at less than market rates (soft loans). The Council uses HMRC's rate for beneficial employee loans as a proxy for market value/effective interest rate. Where the difference between the discounted rate and the effective interest rate is more than £100k, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

13.3 Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost [or, where relevant, FVOCI], either on a 12 month or lifetime basis. The simplified lifetime basis expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

The Council will also extend the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly, or remains low, losses are assessed on the basis of 12 month expected losses.

For 2022/23, in respect of Sundry Debtors the following bad debt percentages applied: -

6 months to 1 year: 50%;

1 year to 2 years: 75%;

Over 2 years: 100%.

Higher percentages would apply for certain debtors, taking regard of individual circumstances, e.g., company liquidation, personal bankruptcy.

Debtors which had been deferred i.e., Social Services residential fees that had been deferred pending sale of property (where a charge on the property applied), a provision of 10% applied irrespective of age – although a higher provision would apply in certain circumstances e.g., current state of property or property value or dispute.

IFRS requires earlier recognition of debt (current practice does not provide for debts earlier than six months old, although a provision would be made for known individual debtor circumstances, e.g. bankruptcy, aged less than this) and public sector debts are to be excluded (currently debts for local health board, major and local preceptors (councils)/levying bodies etc. and central/devolved administrations etc. are included). Having regard to IFRS 9, revised impaired loss allowances are required and the following considerations are made to arrive at the revised allowances:

IFRS 9 does not define default of a debt but requires an organisation to provide such a definition consistent with its credit management purposes. The following definition is used for the purposes of impaired loss allowance requirement for Sundry Debt, which is simple enough and is consistent with this Authority's credit management-

A debtor is in default of a debt (for impaired loss allowance purposes in respect of Sundry Debt) if payment has not been received against a debt in the Civica Debtor system (by 31 March each year) where the age of the debt is more than 14 calendar days from the tax point date.

The following allowances are applied for periods up to 6 months: -

- Day 1 to 14 days from invoice being raised – 2%;

- 1 – 30 days past due date i.e., 15 days to 45 days from tax point date – 2.5%;
- 31 – 60 days past due date i.e., 46 days to 75 days from tax point date – 4.5%;
- 61 – 90 days past due date i.e., 76 days to 105 days from tax point date – 7.5%;
- 91 – 168 days past due date i.e., 106 days to 182 days from tax point date – 15%.

The Council would then continue to apply the current percentages for debts older than six months from the tax point date i.e.:

- 183 – 365 days from tax point date – 50%;
- 366 – 730 days from tax point date – 75%;
- 731 days or more from tax point date – 100%.

Deferred charges

These from 183 days from tax point date are to be applied at 10% ONLY and not at the higher rates shown. No provision for deferred debts aged less than six months old. The Council has legal charges secured against individuals' homes, hence the reduced amount for impairment. The annual impairment gain, or loss will be the change in lifetime expected credit losses over the year.

Housing Benefits Overpayments

The Council's impairment loss allowance is 90% of the outstanding debtor for housing benefits overpaid to service users at year-end. The impairment loss allowance is high as recipients of benefits tend to have limited financial resources and the risk of not recovering benefits overpaid is high.

Rents

The impairment loss allowance on rental debtors is based on the amount of debt owed, with higher values impaired on a higher percent as the risk of non-payment increases as the amount of debt escalates. The percentage for loss allowance per banding is then applied to the actual debt outstanding within each band. The banding and percentage of loss allowance applied is as follows: -

Current Tenants

<u>Value of Arrears</u>	<u>Impairment Loss Allowance</u>
£0.01 to £49.99	10%
£50 to £99.99	20%
£100 to £249.99	30%
£250 to £499.99	45%
£500 to £999.99	60%
> £1000	85%

An impairment loss allowance of 90% is applied to all outstanding amounts owed by former tenants as these debts are less likely to be recovered than from existing tenants.

13.4 Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Service.

The fair value measurements of the financial statements are based on the following techniques: -

Instruments with quoted market price – the market price of other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels: -

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

13.5 The Financial Statements

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

13.6 Available-for-Sale Financial Assets

The Council does not have any available-for-sale financial assets and is unlikely to have any in the short-term as these financial assets are not included in the Treasury Management Strategy Statement 2022/23.

14. Provisions, Contingent Liabilities and Contingent Assets

14.1 Provisions

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

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

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

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

14.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council an obligation, whose existence will only be confirmed by the occurrence, or otherwise, of uncertain future events not within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Material contingent liabilities are not recognised in the Balance Sheet, but disclosed as a note in the accounts should they arise.

14.3 Contingent Assets

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

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

15. Reserves

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

Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserve Statement so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies and notes.

16. Revenue Recognition

Revenue is recognised in the Comprehensive Income and Expenditure Statement for the year in which it is earned rather than when the cash is received. This relates to income from the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the provision of services (excluding services directly related to construction contracts), interest, royalties and

dividends, non-exchange transactions (i.e., Council Tax) and where previously a liability had been recognised (i.e., creditor) on satisfying the revenue recognition criteria.

Revenue is also recognised on gains which may or may not arise from ordinary activities such as gains on the revaluation of non-current assets, gains on the sale of non-current assets and gains on available-for-sale financial assets. Where the Authority is acting as an agent, only the income the Council is paid for its role of agent will be recognised in the accounts. The amount relating to the third party (the principal) will not be included in the accounts.

Revenue is recognised and measured at the fair value of the consideration receivable. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Rebates and cash settlements, where relevant, will be considered in measuring the fair value of the consideration received.

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

17. Internal Interest

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

18. Leases

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

18.1 The Council as Lessee

18.1.1 Finance Leases

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

Lease payments are apportioned between: -

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability; and
- A finance charge - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- If Property, Plant and Equipment are recognised under finance leases, they would be accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

18.1.2 Operating Leases

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

18.2 The Council as Lessor

18.2.1 Finance Leases

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

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

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

The written-off value of disposals is not a charge against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are, therefore, appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

18.2.2 Operating Leases

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

19. Charge to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)

Services and support services are charged with the following amounts to record the real cost of holding non-current assets during the year: -

- Depreciation of assets used by the Service;
- Revaluation and impairment losses on assets used by the Service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the Service.

The Council is not required to raise council tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are, therefore, replaced by the Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

The MRP charge on HRA borrowing has historically been charged at 2% of the HRA's proportion of Capital Financing Requirement (CFR). In 2015, Welsh Government changed the determination to allow the HRA MRP charge to be calculated by more options. It was recommended that the annuity asset life method would result in the highest NPV for both supported and unsupported borrowing, and the most affordable option for the present and future generations is the option where the annuity is based on 60-year asset lives, using the Council's average borrowing rate of 4.58%. Therefore, for both HRA supported and unsupported borrowing the annuity methods as recommended over 60 years at the interest rate of 4.58% should be implemented from 1 April 2022. It would allow a more prudent approach rather than a current one as, instead of the CFR taking 300 years to be reduced to zero, it would only take 60.

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

20. Government Grants and Contributions

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

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

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

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

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

21. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

22. Overheads and Support Services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance for the purpose of full-cost accounting for the statutory statistical returns, for example, the annual RA and RO Government returns. However, for budget monitoring and the statutory annual accounts, recharges are excluded, and the corporate and support services are reported as service segments and held accountable for budget management.

23. Foreign Currency

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

24. Employee Benefits

24.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year.

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

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

24.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions (usually in the form of added years), statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

24.3 Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education; and
- The Local Government Pension Scheme, administered by Gwynedd Council.

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

24.4 Teachers' Pension Scheme

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

24.5 The Local Government Pension Scheme

All employees (other than teachers) and Councillors, subject to certain qualifying criteria, are able to join the Local Government Pension Scheme. The Scheme is known as the Gwynedd Pension Fund and is administered by Gwynedd Council in accordance with the Local Government Pension Scheme Regulations 2013 on behalf of all participating employers. Under International Accounting Standard (IAS19), the Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Gwynedd Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

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

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

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unities securities – current bid price; and
- Property – market value.

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

- a) Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- b) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs. Net interest on the net defined benefit liability, i.e., the net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time, is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined liability at the beginning of the period (considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments).
- c) Benefit liability (asset) during the period as a result of contributions and benefit payments).
- d) Re-measurement comprising: -
 - The return on plan assets (excluding amounts already included in the net interest on net defined benefit) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- e) Contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year- end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

24.6 Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any employee (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

25. Exceptional Items

Where items of income and expense are material in the context of these accounts, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

26. Accounting for NDR (Non-Domestic Rates)

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

Cash collected from NDR taxpayers is not included in the Cash Flow Statement except for the cash retained in respect of the cost of collection allowance. Any difference between the cash collected from NDR taxpayers and the cash paid into the NDR Pool is included within financing activities in the Cash Flow Statement.

27. Agency Income and Expenditure

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

The Isle of Anglesey County Council has acted as an agent during the year on behalf of: -
Welsh Government - Collecting Non-Domestic Rates (NDR) and paying the sums collected over to Welsh Government, less the amount retained in respect of the cost of collection allowance;

Welsh Government – Empty Homes' Loans, where the Council acts as agent between;

Welsh Government and recipients of Empty Homes' Loans;

Welsh Government – the Council has acted as agent on behalf of Welsh Government in the payment of Covid Business Grants in support of specified businesses during the Pandemic particularly to support businesses during lockdowns.

SUPPLEMENTARY FINANCIAL STATEMENT

HOUSING REVENUE ACCOUNT (HRA)

Income and Expenditure Statement for the year ended 31 March 2023

	2022/23 £'000	2021/22 £'000
<u>Expenditure</u>		
Management and Maintenance - Repairs and Maintenance	5,084	4,174
Management and Maintenance - Supervision and Management	6,714	5,751
Rents, Rates, Taxes and Other Charges	22	6
Depreciation, Impairment and Revaluation Losses of Non-current Assets	3,070	6,088
Debt Management Costs	12	12
Movement in the Impairment Allowance for Bad Debts	123	79
Movement in the Accumulated Absences Accrual	4	9
Total Expenditure	15,029	16,119
<u>Income</u>		
Dwelling Rents	(19,230)	(18,779)
Non-dwelling Rents	(230)	(218)
Charges for Services and Facilities	(179)	(228)
Contributions towards Expenditure	(166)	(184)
Other	(116)	(115)
Total Income	(19,921)	(19,524)
Net Expenditure of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement	(4,892)	(3,405)
HRA Services' Share of Corporate and Democratic Core	56	56
Net Expenditure of HRA Services	(4,836)	(3,349)
HRA Share of the Operating Income and Expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
Pension net interest cost	204	-
Interest Payable and Similar Charges	1,543	1,605
Interest and Investment Income	(241)	(6)
Capital Grants and Contributions receivable:		
- Major Repairs Allowance	(2,688)	(2,685)
- Other	(1,094)	(2,695)
Deficit for the Year on HRA Services	(7,112)	(7,130)

Statement of Movements on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movements on HRA Balance for the year

	2022/23 £'000	2021/22 £'000
Balance on the HRA at the end of the Previous Reporting Period	(12,333)	(9,723)
(Surplus)/Deficit for the Year on HRA Services	(7,112)	(7,130)
Adjustments between Accounting and Funding Bases under Statute	7,338	3,785
Net (increase)/decrease before Transfers to/from Reserves	226	(3,345)
Transfers to/(from) Earmarked Reserves	-	-
Net (Increase)/Decrease in Year on the HRA	226	(3,345)
Adjustment to Reserve		735
Balance on the HRA at the end of the Current Reporting Period	(12,107)	(12,333)

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

NOTE 1 – HOUSING REVENUE ACCOUNT

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local Council housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g., from the Council Fund) are limited to special circumstances.

NOTE 2 – HOUSING STOCK

The Covid pandemic had affected the Council’s ability to purchase former Council Houses and commission newly built properties. However, the service is making progress as the increase in the number of Council dwellings between 31 March 2023 and 31 March 2022 is more than double the number of additional properties in 2020/21. The number of dwellings at 31 March 2023 totalled 3,953, an increase of 66 from 2021/22, with the split by type of dwelling made up as follows: -

	31 March 2023	31 March 2022
Council Owned Stock		
Houses	2,109	2,067
Bungalows	1,068	1,058
Flats	768	754
Bedsits	8	8
Total Council Owned	3,953	3,887

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2022/23 £'000	2021/22 £'000
Capital investment		
Capital Expenditure	11,180	9,723
Sources of funding		
Capital Receipts		-
Government grants and other contributions	(3,782)	(5,379)
Direct Revenue Financing	(7,398)	(4,344)
Total	(11,180)	(9,723)

The Major Repairs Allowance for 2022/23 of £2,688k was used in full during the year (£2,685k in 2021/22).

NOTE 4 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	2022/23 Impairment £'000	2022/23 Depreciation £'000	2022/23 Total £'000	2021/22 Impairment £'000	2021/22 Depreciation £'000	2021/22 Total £'000
Land			-	-	-	-
Dwellings	5,919	2,658	8,577	1,616	4,079	5,695
Other Property - Operational Assets		412	412	-	393	393
	5,919	3,070	8,989	1,616	4,472	6,088

NOTE 5 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

During 2022/23, total rent arrears increased by £99k. A summary of rent arrears and prepayments is shown in the following table: -

Rent Arrears	2022/23 £'000	2021/22 £'000
Current Tenant Arrears	664	553
Former Tenant Arrears	290	285
Total Rent Arrears	954	838
Prepayments	(292)	(275)
Total Debt	662	563

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £637k against rents (£628k in 2021/22).

NOTE 6 – PENSION COSTS

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

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year: -

HRA Income and Expenditure Account	2022/23 £'000	2021/22 £'000
Current Service Cost	701	777
Pension net interest cost	204	-
Current service cost included in movement in reserves statement	(701)	(777)
Pension net interest cost included in movement in reserves statement	(204)	-
Contribution to Pension Reserve	-	-

APPENDIX 1

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Anglesey Access Group	Robert G Parry OBE FRAGS
Anglesey Agricultural Show	Kenneth P Hughes
Anglesey and Gwynedd Safer Communities Partnership	Llinos Medi Huws
Anglesey CAB	Nicola Roberts
Anglesey Language Forum	Llinos Medi Huws, Gwilym O Jones, R Meirion Jones, Ieuan Williams, Bryan Owen
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Richard Dew, Eric Wyn Jones Dafydd Roberts, Nicola Roberts, Robin Wyn Williams
Betsi Cadwaladr Stakeholder Reference Group	Llinos Medi Huws
Carers' Champion	Robert G Parry OBE FRAGS
Champion for Adults Safeguarding	Llinos Medi Huws
Champion for Children in Care	Richard Griffiths
Champion for Diversity	Margaret Murley Roberts
Champion for Equality	Nicola Roberts
Champion for Members	Robert Llewelyn Jones
Champion for Older People	Robert Llewelyn Jones
Champion for Scrutiny	Gwilym O Jones
Champion for the Armed Forces	Richard Dew
Children and Young People's Champion	Llinos Medi Huws
Court of Governors, University of Wales, Bangor	R Meirion Jones
Cwmni CYNNAL AGM	Margaret Murley Roberts
Cwmni Frân Wen	Vaughan Hughes
CYNNAL Management Committee	R Meirion Jones, Dafydd Roberts, Ieuan Williams Deputy Leader of the Council is the Chief Executive Officer of Cynnal
Destination Anglesey Partnership (DAP)	Richard Dew
Fostering Panel	Richard Griffiths
Grŵp Llandrillo/Menai	R Meirion Jones
GwE Joint Committee	R Meirion Jones
Gwynedd & Anglesey Adoption Panel	Dylan Rees
Gwynedd & Anglesey Youth Justices Service	Llinos Medi Huws
Gwynedd Pensions Fund Committee (Gwynedd Council)	Robin Wyn Williams
Joint Council for Wales	John Griffith, Dafydd Rhys Thomas
Medrwn Môn	Llinos Medi Huws
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Robert G Parry OBE FRAGS
Menter Môn	Ieuan Williams
North and Mid Wales Trunk Road Joint Committee	Robert G Parry OBE FRAGS
North Wales Community Health Council (Anglesey Local Committee)	Trefor Lloyd Hughes MBE, Glyn Haynes, Dylan Rees
North Wales Economic Ambition Board	Llinos Medi Huws
North Wales Fire and Rescue Authority	Richard Griffiths, Dylan Rees, Eric Wyn Jones
North Wales Fire and Rescue Authority Audit Committee	Eric Wyn Jones
North Wales Fire and Rescue	Richard Griffiths, Dylan Rees

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Authority Executive Panel	
North Wales Housing Association	Alun Wyn Mummery
North Wales Leadership Board	Llinos Medi Huws
North Wales Police and Crime Panel	Dylan Rees
North Wales Regional Waste Plan Review Steering Group	Robert G Parry OBE FRAGS
North Wales Residual Waste Treatment Joint Committee	Richard Dew, Robert G Parry OBE FRAGS
North Wales Safer Communities Board	Llinos Medi Huws
North Wales Tourism Partnership	Carwyn Jones
Owen Lloyd, Penrhoslligwy Educational Trust	Vaughan Hughes
Public Service Board Anglesey and Gwynedd	Llinos Medi Huws
Regional Partnership Board	Llinos Medi Huws
Sustainable Development Fund Partnership	Richard Dew
The Harbour Trust, Caernarfon	Robert G Parry OBE FRAGS
Voluntary Sector Liaison Committee	Llinos Medi Huws, Aled Morris Jones, Gwilym O Jones, R Meirion Jones, Alun Mummery
Welsh Local Government Association	Llinos Medi Huws, Ieuan Williams, J Arwel Roberts
Wylfa Newydd Project Liaison Group	John Griffith, Richard Griffiths, Kenneth P Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones, Dafydd Rhys Thomas
Wylfa Site Stakeholder Group	John Griffith, Richard Griffiths, Kenneth P Hughes, Llinos Medi Huws, Aled Morris Jones, Gwilym O Jones, Richard Owain Jones

GLOSSARY

12-MONTH EXPECTED CREDIT LOSSES

This is the portion of lifetime expected credit losses that represent the expected credit losses that result from default on a financial instrument which are possible within the 12 months after the reporting date.

ACCOUNTING PERIOD

This is the period of time covered by the accounts, normally a period of 12 months, commencing on 1 April. The end of the accounting period is the Balance Sheet date, usually 31 March of the following year.

ACCRUALS

Sums included in the final accounts to recognise goods/services received in the year or income and expenditure earned or incurred in the financial year but for which actual payment had not been received or made as of 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: -

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

AGENCY SERVICES

These are the services provided by the Council to a third party on behalf of another organisation.

APPROPRIATIONS

These are the amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

ASSET

An asset is an item having value to the Council in monetary terms. Assets are categorised as either current or non-current: -

- A current asset will be used or be of minimal value within the next financial year (e.g., cash and inventories);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g., a community centre), or intangible, (e.g. computer software licences).

AUDIT OF ACCOUNTS

This is an independent examination of the Council's financial affairs.

BALANCE SHEET

The Balance Sheet is a statement of the true and fair value of the recorded assets, liabilities, and other balances at the end of the financial year.

BUDGET

The Budget is a statement of how much the Council has allocated to each service and function to spend or raise in income for the financial year.

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL FINANCING COSTS

Capital Financing costs are any additional costs arising from borrowing to fund capital projects. These tend to be interest payable on loans taken out and the Marginal Revenue Provision (MRP) charge on projects financed by borrowing. The MRP is 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.

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CASH AND CASH EQUIVALENTS

This is cash-in-hand, cash overdrawn, cash held in bank accounts and short-term (for example three months) investments which are readily converted into known amounts of cash.

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents of the Council during the financial year.

CIPFA

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

COMMUNITY ASSETS

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This is one of the main financial statements of the Council which records all the income and expenditure for the Council categorised on the basis of standard CIPFA requirements to enable comparisons to be made between authorities.

CONSISTENCY

This represents the concept that the accounting treatment of like items, within a financial year and from one year to the next, is the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either: -

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

Isle of Anglesey County Council – Statement of Accounts 2022/23

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is, thus, over and above those which would be incurred by a series of independent single-purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

CREDIT LOSS

This is the difference between the cash amounts due to the Authority in accordance with the contract and all cash flows that the Authority expects to receive, discounted at the original effective interest rate.

CREDITOR

The amount owed to individuals or other organisations by the Council for work done, goods received or services provided within the financial year but for which payment has not been made by the end of that financial year.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current year.

DEBTOR

The amount owed to the Council from individuals or other organisations for works done, goods received or services provided within the financial year, but for which payment has not been received by the end of that financial year.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

These represent the retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Final Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXPENDITURE AND FUNDING ANALYSIS

This statement aims to show how annual expenditure is used and funded from resources. The first column, the net expenditure chargeable to the General Fund and HRA balances, shows the true impact of the cost of providing services for the year, excluding accounting adjustments.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A Finance Lease is one that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN

104

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will
Isle of Anglesey County Council – Statement of Accounts 2022/23

continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

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

IMPAIRMENT

Impairment is a reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet. This is usually due to an event which has substantially reduced the value of the asset, for example, a fire or if an asset has become obsolete.

INFRASTRUCTURE ASSETS

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the financial year of the present value of the scheme liabilities because the benefits are one financial year closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the share of the pension scheme assets associated with their underlying obligations.

INTEREST RECEIVABLE OR PAYABLE

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

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and work-in-progress.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next financial year,

e.g. creditors or cash overdrawn.

- A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either: -

- Readily convertible to known amounts of cash at, or close to, the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which, together, constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one financial year.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and, ultimately, mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

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

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end of the year for all the usable reserves held by the Council which can be used to fund Council costs or reduce local taxation, and unusable reserves.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

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

NET WORTH

The Net Worth is the Council's value of total assets less total liabilities.

NON-DISTRIBUTED COSTS

These are overheads for which there are no direct user benefits and, as such, are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

An Operating lease is where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior financial years arising in the current financial year as a result of the introduction

of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

A Prior Year Adjustment is a material adjustment applicable to previous years arising from changes in accounting policy or from the correction of a fundamental error. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain, or very likely, to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOANS BOARD (PWLB)

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

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Council's purposes, related parties are deemed to include Central Government, Local Authorities, and other bodies, either precepting or levying demands on the Council. Related Parties can also include subsidiary and associated companies, joint venture, and joint venture parties and particularly Members and chief officers of the Council.

When considering who is a related party, regard is also taken of transactions involving members of the close family or household of any individual listed.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Reserves are the accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

RESIDUAL VALUE

The residual value of an asset is the net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

Revenue Expenditure represents the day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

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

REVENUE SUPPORT GRANT

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

SUPPORTED Council borrows money to fund part of its capital programme. This borrowing is recognised by Central GBORROWING

The overnment in its calculation of formula funding for the Council.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

UNSUPPORTED BORROWING

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

UNUSABLE RESERVES

Unusable Reserves are those reserves used to absorb the differences between the outcome of applying proper accounting practices and the requirement of statutory arrangements for funding expenditure. Such reserves include the unrealised gains and losses in relation to revaluations of property, plant, and equipment where the value only becomes available if the asset is sold.

USABLE RESERVES

Specific amounts set aside for future policy purposes or to cover contingencies. They can be used to fund expenditure or reduce taxation.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a non-current asset.

WORK-IN-PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date.

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	7 December 2023
Subject:	Annual Governance Statement (AGS)
Head of Service:	Carys Edwards Head of Profession HR and Transformation 01248 752502 CarysEdwards@anglesey.gov.wales
Report Author:	Alwyn Williams Corporate Business and Performance Analyst AlwynWilliams@anglesey.gov.wales
Nature and Reason for Reporting: The purpose of the Annual Governance Statement (AGS) is to provide assurance regarding the Council's governance arrangements. The Governance and Audit Committee has the responsibility of approving the Council's AGS each year.	

Introduction

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

Recommendation

4. That the Governance and Audit Committee approves the Annual Governance Statement that will form part of the 2022/23 Statement of Accounts



Annual Governance Statement 2022/23

Prepared by: Transformation Service

Publication date: December 2023

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh

Contents

Scope of Responsibility	3
The Governance Framework.....	3
Review of Effectiveness	4
Annual Review of the Effectiveness of the Council’s Governance Framework.....	5
Conclusion of Assessment	5
Statutory Officers Statements	6
Governance matters identified	8
Progress on Identified Governance Matters as noted last year.....	8
Identified Governance Matters 2022/23.....	9
Certifying the Annual Governance Statement	11
Appendix 1	12
CIPFA Financial Management Code (2019).....	12
Significant Governance Issues.....	13

Scope of Responsibility

The Isle of Anglesey County Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards, and that it safeguards and properly accounts for public money, and how public money is used.

The Council also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

The Council approved and adopted a revised [local code of corporate governance](#) in March 2022, which is consistent with the seven core principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

This statement explains how the Council has complied with the code and meets the requirements of non-statutory proper practice encouraging the publication of an Annual Governance Statement. It also meets the requirement of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

The Governance Framework

The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled. It also guides the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness. Follow this link for more information on the [committees](#).

Isle of Anglesey County Council resolved in its meeting on 9th March 2023 to make changes to the Constitution enabling one or more members to job share as leader, deputy leader and as portfolio holders on the Executive. Following this decision, the Executive made changes to their structure and the current information is available [here](#).

Marc Berw Hughes was appointed to the Director of Education, Skills and Young People role in September 2022. Dyfan Sion was also appointed to the statutory post of Head of Democratic Services in January 2023. Follow this link for more information on the [Leadership Team and Corporate Management Team](#).

Review of Effectiveness

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

The effectiveness of the governance framework has been evaluated by a combination of:

- the results of the regular in-year review and monitoring by officers and committees;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Council Plan;
- reviews of feedback from Estyn and Care Inspectorate Wales (CIW) and the related scrutiny panels on the improvement work in relation to Education and Social Services;
- a series of interviews with key officers;
- regular officer meetings of the Governance and Performance Review Group to review governance arrangements,
- discussion with, and receiving comments from, groups of officers and members including the Leadership Team and the Executive.

In addition, regular in-year review and monitoring includes:

- formal risk management activity, including specific consideration of those risks linked to governance processes;
- internal audit, whose work includes auditing the highest risks identified in the Strategic Risk Register, including risk management, in accordance with the annual internal audit strategy, and which includes 'follow-up' work to ensure that senior officers address agreed 'Issues / Risks';
- the work of the Council's Scrutiny and other Committees, including its Governance and Audit and Standards committees;
- the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;
- the regular monitoring of improvement and performance against the Council Plan and its supporting plans and strategies by members and senior managers.

Annual Review of the Effectiveness of the Council’s Governance Framework

Conclusion of Assessment

The following table provides the conclusion of the assessment for 2022/23:

Core Principles of the Framework	Conclusion of the assessment
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Council has clear, transparent decision-making processes which incorporate strong ethical values and are lawful. The codes of conduct set out expectations for behaving with integrity.
Principle B: Ensuring openness and comprehensive stakeholder engagement	The Council exists to serve its residents and is dependent on a wide variety of stakeholders for working effectively in partnership. Engagement and consultation mechanisms are in place.
Principle C: Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	The Council works with communities to plan outcomes. In setting policies and strategies, the Council take a long-term view about outcomes, taking into account sustainable economic, social, cultural and environmental benefits.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	The Council takes decisions on interventions based on its clear vision for services, engaging with communities, regulators and practical expertise of professional service officers. This combination leads to optimising the achievement of intended outcomes.
Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it	The Council has the appropriate structures and leadership in place and people with the right skillsets and qualifications to ensure it is operating efficiently and effectively to achieve its intended outcomes. There are clear policies and strategies in place to demonstrate that it has the capacity to fulfil its mandate and that management has the operational capacity.
Principle F: Managing risks and performance through robust internal control and strong public financial management	The Council has an effective performance management system that facilitates effective and efficient delivery of services. Risk management and internal control are integral important parts of the performance management system and they have been developed further during the year. They are crucial to achieving the outcomes of the new Council Plan. The Council demonstrates compliance with the CIPFA Financial Management Code .
Principle G: Implementing good practices in transparency, reporting, and audit to deliver	The Council’s elected members and senior management are accountable for making decisions and delivering services which are supported by both internal and external audits. The activities undertaken are in a transparent and clear manner in which stakeholders are able to understand and respond. No significant governance issues were found during the year.

Statutory Officers Statements

Head of Paid Service



Dylan Williams
Chief Executive

“As the Chief Executive of the Isle of Anglesey County Council, I take pride in ensuring that effective governance arrangements are in place to uphold transparency, accountability, and the highest standards of public service. My role is to provide strategic leadership and guidance to the organisation, working closely with the elected members, officers and partners.

I am satisfied that the governance arrangements are robust and comprehensive, as they have been developed and refined over time to meet the evolving needs of the organisation, community and stakeholders. Through regular engagement with various internal and external stakeholders, we have fostered a culture of open information sharing, communication and collaboration, which strengthens our governance practices.

We actively monitor and take appropriate steps to address any issues that arise, ensuring that our governance arrangements remain effective and responsive to the evolving landscape.

I am confident that our governance framework promotes sound decision-making, ethical conduct, and the efficient delivery of services, enabling us to fulfil our responsibilities to the residents of Anglesey.”

Section 151 Officer



Marc Jones
Director of Function
(Resources)

“As the Section 151 Officer of the Isle of Anglesey County Council, I hold a crucial responsibility for overseeing the financial management and ensuring the proper use of public funds.

I am satisfied that the governance arrangements in place provide a robust framework for financial stewardship and accountability. Through diligent financial planning, budgetary control, and effective risk management, we strive to ensure the financial sustainability of the council.

Our arrangements are underpinned by strong financial policies, procedures, and internal controls, which are regularly reviewed and updated to align with best practices and statutory requirements.

Regular financial reporting and scrutiny by both internal and external auditors provide independent assurance, and any identified areas for improvement are promptly addressed.

I am confident that our governance arrangements support prudent financial management, safeguarding the Council's resources, and enabling us to deliver quality services to the community.”

Monitoring Officer



Lynn Ball
Director of Function
(Council Business)

“As the Monitoring Officer of the Isle of Anglesey County Council, my role is to ensure that both elected members and officers adhere to the highest standards of behaviour and conduct in strict accordance with the law. I am committed to upholding the integrity of our governance processes and fostering a culture of ethical conduct within the organisation.

I am satisfied that the governance arrangements in place foster a culture of integrity, transparency, and accountability.

Working closely with elected members, officers, and partners, we have established clear policies and procedures to ensure compliance with legal and regulatory requirements.

I am confident that our commitment to good governance enables us to maintain public trust and confidence in the council's decision-making processes.”

Governance matters identified

Progress on Identified Governance Matters as noted last year

The table outlines the governance matters identified last year and an update on progress can be found below:

Actions identified to address weaknesses	Lead Officer / Service / Board	Update on progress
1. Develop and deliver a recruitment and retention action plan	Head of Profession HR and Transformation	A recruitment and retention strategy has been developed for the Council and implemented. The strategy focuses on recruitment effectiveness, customer experience, and image and profile of the Council. Staff retention remains high on the agenda. Turnover for 2022/23 was 8% and this was the lowest for several years.
2. The Council develops and adopts a capital strategy aligned to the new Council Plan (2023-28)	Chief Executive	The new Council Plan was adopted in March 2023 and therefore it was not possible to align the capital strategy for 2022/23. This work will be undertaken during 2022/23.
3. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	Monitoring Officer	<p>Audit Wales concluded in November 2022 that “the Council is making good progress developing its arrangements to meet the requirements of the Local Government and Elections (Wales) Act 2021. There is further work to be done including:</p> <ul style="list-style-type: none"> • confirming and implementing plans for completing the external panel performance assessment • complete the preparation and adoption of a Participation Strategy • revise its Petition Scheme • provide training and guidance to officers on the General Power of Competence • at the North Wales regional level, confirm the scrutiny arrangements, borrowing powers and VAT status of the Corporate Joint Committee.”

4. Review the work undertaken by the Council to respond to the Covid-19 pandemic	Executive Manager (Leadership Team)	A review on the work undertaken by the Council has taken place and a lessons learnt log has been produced and discussed by the Leadership Team. The lessons learnt log will be used for future consideration if there was another pandemic.
5. Complete the assurance mapping exercise for the Council	Transformation / Resources	The assurance mapping exercise was started during the year, however further work is required during 2023/24 including discussions with relevant senior officers and staff members.

Identified Governance Matters 2022/23

No significant governance matters were identified for the year ending 31st March 2023. However, the assessment process did identify the following Governance Matters that will be addressed in 2023/24.

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. The Council needs to review and revise the Corporate Scorecard provision following the adoption of the new Council Plan 2023-2028	<ul style="list-style-type: none"> Review and revise the corporate scorecard provision to identify relevant and prioritised indicators to be tracked and managed through the life-course of the current administration 	Transformation	<ul style="list-style-type: none"> Difficulties in monitoring delivery of the Council Plan 2023-2028 Could lead to a lack of strategic direction Could hinder effective decision making and performance management 	March 2024

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
2. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	<ul style="list-style-type: none"> Review and revise the service review process and ensure that it aligns with the expectations of the Corporate Self-Assessment Complete the preparation and adoption of a Participation Strategy Provide training and guidance to officers on the General Power of Competence 	Transformation Monitoring Officer / Council Business	<ul style="list-style-type: none"> Failure to comply could lead to further scrutiny from the Welsh Government and a loss of reputation Unable to continually improve the Council's performance Will not effectively capture the necessary insights to improve service delivery May lead to making uninformed decisions or exceeding legal authority Legal and reputational risks and compromised governance practices within the council 	March 2024
3. The Council's risk management framework requires an update	<ul style="list-style-type: none"> Adopt a new risk management framework and ensure adherence 	Resources	<ul style="list-style-type: none"> Increased exposure to risks and vulnerabilities Could result in financial losses, legal liabilities, diminished public trust and challenges in meeting strategic objectives 	March 2024
4. The new Council needs to identify its capital spending in line with the new Council Plan	<ul style="list-style-type: none"> The Council develops and adopts a capital strategy aligned to the new Council Plan (2023-28) 	Chief Executive	<ul style="list-style-type: none"> Failure to strategically prioritise capital spend 	March 2024
5. The Council does not currently map sources of assurance	<ul style="list-style-type: none"> Complete the assurance mapping exercise for the Council 	Transformation / Resources	<ul style="list-style-type: none"> Possible governance issues which were not identified Unable to continually improve the Council's performance Possible service failure Insufficient or duplication of assurance provision 	March 2024

Certifying the Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in the document.

We propose to take appropriate steps to address these and the other weaknesses identified in the Annual Governance Statement and to further enhance our governance and assurance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements through the Governance and Audit Committee and as part of our next annual review.

On behalf of the Isle of Anglesey County Council



Llinos Medi
Leader, Anglesey County Council
December 2023



Dylan Williams
Chief Executive, Anglesey County Council
December 2023

Appendix 1

CIPFA Financial Management Code (2019)

CIPFA's Financial Management Code (2019) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is not prescriptive and is based on six principles supported by specific standards considered necessary to ensure continued financial resilience within the Local Authority setting. The six principles of effective financial management underpinning the Code are as follows:

- Leadership
- Accountability
- Transparency
- Professional Standards
- Assurance
- Sustainability

The six principles are translated into seventeen Financial Management (FM) standards (denoted from A-Q), grouped into seven sections. All local authorities were required to demonstrate full compliance with the Code by 31st March 2022.

Following an internal audit of compliance with the Code in April 2020, a further audit of Financial Resilience was undertaken in November 2022 to seek to answer the following question: Does the Council have adequate arrangements in place to manage the implications of real term funding reductions to ensure that it continues to achieve its priorities and delivers quality services?

The report states:

“Overall, our review concludes that within the scope of its control, the Council has a framework of effective controls in place to manage the implications of real term funding reductions. Despite this, it is clear that the Council faces difficult decisions over the next two years due to the current challenging and unpredictable economic climate.”

The review identified one issue/risk which required management attention to strengthen arrangements in this area and an action plan was agreed with management.

Significant Governance Issues

The Council's Internal Audit report for 2022/23 came to the following conclusion –

“For the 12 months ended 31 March 2023, the Isle of Anglesey County Council’s Head of Audit and Risk’s opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives, and these are the subject of monitoring.

There are no qualifications to this opinion.”

Audit of Accounts Report – Isle of Anglesey County Council

Audit year: 2022-23

Date issued: November 2023

Document reference: 3943A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

We intend to issue an unqualified audit report on your Accounts There are some issues to report to you prior to their approval.

Audit of Accounts Report

Introduction	4
Proposed audit opinion	4
Significant issues arising from the audit	5
Appendices	
Appendix 1 – Final Letter of Representation	6
Appendix 2 – Proposed Audit Report	9
Appendix 3 – Summary of Corrections Made	13

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Director of Function (Resources) - Section 151 Officer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £2.979 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior officer remuneration - £1,000
 - Related party transactions - £10,000 (individuals)
- 6 We have now substantially completed this year's audit subject to completion of final audit procedure steps. Should any issues arise from this work, we will provide a verbal update at the Committee.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence. We have previously notified you of a potential threat to auditor independence and objectivity relating to the Audit Manager who has a close friend employed by the Council. We confirm that the planned safeguards set out in our Audit Plan have operated as intended.

Proposed audit opinion

- 8 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 9 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 11 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

12 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

13 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

14 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Date

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Isle of Anglesey County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Isle of Anglesey County Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements.

Representations by Isle of Anglesey County Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Isle of Anglesey County Council on 19 December 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Marc Jones
Director of Function (Resources) - Section
151 Officer

Councillor Margaret Murley Roberts
Chair Isle of Anglesey County Council

Date:

Date:

Appendix 2

Proposed Audit Report

The report of the Auditor General for Wales to the members of Isle of Anglesey County Council

Opinion on financial statements

I have audited the financial statements of Isle of Anglesey County Council for the year ended 2022-23 under the Public Audit (Wales) Act 2004.

Isle of Anglesey County Council financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Isle of Anglesey County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Isle of Anglesey County Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Isle of Anglesey County Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Statement of Accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the Statement of Accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Isle of Anglesey County Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Isle of Anglesey County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Isle of Anglesey County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Isle of Anglesey County Council head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Isle of Anglesey County Council policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- Obtaining an understanding of Isle of Anglesey County Council's framework of authority as well as other legal and regulatory frameworks that Isle of Anglesey County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Isle of Anglesey County Council; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Isle of Anglesey County's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
20 December 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 3

Summary of Corrections Made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
<p>Comprehensive Income and Expenditure Statement £19,814,000 reclassification</p>	<p>Comprehensive Income and Expenditure Statement (CIES) The net pension asset relating to the Local Government Pension Scheme is limited to the asset ceiling (calculated by taking into consideration future contributions and costs).</p> <p>The resulting pension adjustment required to remove the surplus was included within the Re-measurement of Net Pension Liability line in Other Comprehensive Income and Expenditure within the CIES.</p> <p>As the pension adjustment is a material item of Income and Expenditure, we recommend that it is either included within a Material Items of Income and Expenditure note or disclosed separately on the face of the CIES in-line with code requirements.</p> <p>The Council have elected to show this separately on the face of the CIES and not include it within a Material Items of Income and Expenditure note. This separate disclosure on CIES is then consistent with the separate disclosure on the pension reserve note, note 9c.</p>	<p>To comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23. (Code of Practice).</p>
<p>Disclosure only</p>	<p>Note 5 Events after the balance sheet date Additional disclosures in relation to RAAC have been included in this note.</p>	<p>To ensure that post balance sheet event disclosures are complete.</p>

<p>Comprehensive Income and Expenditure Statement: £287,000 increase in the accumulated absence accrual charged to CIES.</p> <p>Balance Sheet: Increase of £287,000 in Accumulating Compensated Absences Adjustment Account.</p>	<p>Comprehensive Income and Expenditure Statement (CIES)/ Note 9 Unusable Reserves/ Note 9ch Accumulating Compensated Absences Adjustment Account</p> <p>The Accumulated Absence accrual was understated by £287,000 as TOIL and Flexi time was not taken into account in calculating the accrual.</p> <p>An additional £287,000 has been charged to the CIES with a corresponding adjustment to the Accumulating Compensated Absences Adjustment Account.</p> <p>Additional disclosures were made in Note to comply with the Code of Practice.</p>	<p>To correctly calculate the accumulated absence accrual and to ensure disclosures comply with the requirements of the Code of Practice.</p>
<p>Comprehensive Income and Expenditure Statement (Impairment adjustment): £11,212,000 decrease to the CIES.</p> <p>See below REFCUS misstatement for further adjustments to the CIES.</p> <p>Balance Sheet: £10,929,000 decrease to the Revaluation Reserve.</p>	<p>Note 13 Property, Plant and Equipment</p> <p>The Council were not allocating non-enhancing expenditure (as impairment) against the specific asset in which it relates to. By doing this, they have not been able to ensure that the correct movements are being posted against the Revaluation Reserve, CIES and Capital Adjustment Account (CAA).</p> <p>The Council set out to amend this by retrospectively reviewing their allocation of impairment and subsequent revaluation movements, as far as practically possible in accordance with the Code of Practice of practice and International Accounting Standard 8. Due to limitations within their Fixed Asset register, it was determined that it was practically possible to correct from 1/4/2022 onwards.</p> <p>Amendments were required to correct these notes. This correction also has an impact on multiple notes.</p>	<p>To account for non-enhancing capital expenditure in accordance with the Code of Practice.</p>
<p>Comprehensive Income and Expenditure Statement</p>	<p>Note 17 Capital Expenditure and Financing/ Note 13 Property, Plant and Equipment</p>	<p>To correctly account for REFCUS in the financial statements.</p>

<p>(Impairment adjustment): Increase In REFCUS expenditure £274,000.</p> <p>Balance Sheet: Decrease In Property, Plant and Equipment £274,000.</p>	<p>As part of the review of the treatment of non-enhancing assets (above) an issue was identified with the treatment of REFCUS (Revenue Expenditure Funded Capital under Statute) expenditure.</p> <p>Amendments were required to correct these notes. This correction also has an impact on multiple notes.</p>	
<p>Balance Sheet: Net assets decreased by £299,000.</p> <p>Total reserves decreased by £299,000.</p>	<p>Note 13 Property, Plant and Equipment The incorrect BCIS index was used to calculate updated revaluations for schools resulting in a reduction of £299,000 to the valuation.</p>	<p>To ensure the assets included in the financial statements are disclosed at their correct value.</p>
<p>Disclosure only: £2,054,000</p>	<p>Note 14 Capital Commitments Additional capital commitments amounting to £2,054,000 have been included in this note. This adjustment is self-contained to Note 14.</p>	<p>To ensure all capital commitments have been disclosed in the note.</p>
<p>Classification only: Prepayments increased by £1,329,000.</p> <p>Trade Receivables decreased by £1,329,000.</p>	<p>Note 18 Debtors Prepayments amounting to £1,329,000 have been reclassified from Trade Receivables. This adjustment is self-contained to Note 18.</p>	<p>To ensure the correct classification of prepayments.</p>
<p>Classification only: Cash & Cash Equivalents decreased by £12,500,000.</p> <p>Short term investments increased by £12,500,000.</p>	<p>Note 19 Cash and Cash Equivalents £12,500,000 has been reclassified from cash equivalents to short term investments. This correction also impacts Note 35 Financial Instruments.</p>	<p>To ensure correct classification of cash and cash equivalent, and short-term investments.</p>

Various amendments	<p>Note 27 Officers' Remuneration Amendments were made to the following disclosures:</p> <ul style="list-style-type: none"> • Banding of remuneration over £60,000: Amendments were required to the number of staff disclosed per salary banding, to correct errors and to comply with the Accounts and Audit (Wales) Regulations. An additional 3 employees have been added and the banding changed for 2 employees. • Senior Officer Remuneration table: Amendments have been made to the footnotes. 	To ensure the disclosures comply with the requirements of the Accounts and Audit (Wales) Regulations and the Code of Practice.
Disclosure only	<p>Note 29 External Audit Fees The note has been updated to reflect the actual audit fees as reported in the Audit Plan for 2022-23.</p>	To disclose the actual audit fees for 2022-23
<p>Classification only:</p> <p>Covid grants increased by £362,000.</p> <p>Other grants decreased by £362,000.</p>	<p>Note 30 Grants income Covid Grant NDR Relief grant income amounting to £362,000 has been reclassified from Other Grants (Resources). This adjustment is self-contained to Note 30.</p>	To ensure the correct classification of grants income.
Additional disclosures	<p>Note 32 Trust Funds and Other Funds Administered by the Council The Council had not fully disclosed the nature and amount of trust funds where it acts as the sole trustee in accordance with the requirements of the Code of Practice.</p>	To ensure disclosures comply with the requirements of the Code of Practice.
Additional disclosures	<p>Note 38 Agency Arrangements The Council had not fully disclosed the nature and amount of significant agency income and expenditure for the year, in accordance with the requirements of the Code of Practice.</p>	To ensure disclosures comply with the requirements of the Code of Practice.

There have also been a number of other, less significant adjustments, reclassifications and narrative amendments made to the financial statements as a result of our work.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	7 December 2023
Subject:	Annual Counter Fraud, Bribery and Corruption Report 2022-23
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: The Public Sector Internal Audit Standards require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).	

1. INTRODUCTION

- 1.1. This report presents the activity carried out by internal Audit during 2022-23 to minimise the risk of fraud, bribery and corruption occurring within and against the Council and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud.
- 1.2. This supports the requirements of the Public Sector Internal Audit Standards 2022 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
- 1.3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.

2. RECOMMENDATION

- 2.1. That the Committee considers and comments on the activity carried out during 2022-23 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

Annual Counter Fraud, Bribery & Corruption Report 2022-23

December 2023



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



Contents

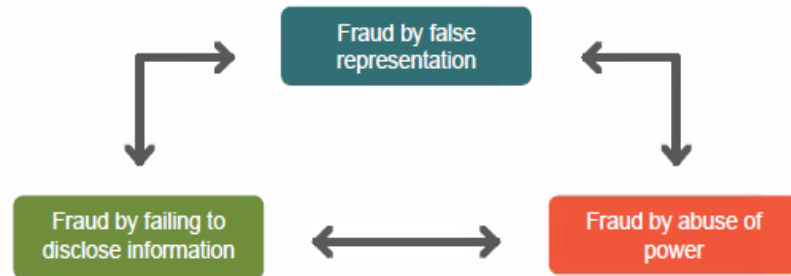
Introduction	2
What is Fraud?	3
What is Bribery?	3
What is Corruption?	4
Why is Countering Fraud, Bribery and Corruption Important?	4
Current Context	5
Assessment of Counter Fraud Arrangements at the Council	6
Acknowledge responsibility	6
Identification of fraud and corruption risks	6
Counter fraud and corruption strategy	7
Provision of resources	7
Take action	7
Fraud Attempted Against the Council During 2022-23	8
Conclusion	8
Appendix 1 – Delivery of Counter Fraud, Bribery and Corruption Action Plan	9
Appendix 2 – National Anti-Fraud Network Alerts	15

Introduction

1. This report presents the activity carried out during 2022-23 to minimise the risk of fraud, bribery and corruption occurring within and against the Isle of Anglesey County Council.
2. This supports the requirements of the Public Sector Internal Audit Standards, 2022 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council’s responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
4. A [report](#) by the Auditor General for Wales in 2019 stated that the value the public sector loses to fraud is unknown. A Cabinet Office [report](#) in 2019 identified an upper and lower range for likely losses in government spend between 0.5% and 5% of expenditure.
5. Applying those estimates to the £209.5 million gross revenue [budget](#) of the Isle of Anglesey County Council in 2022-23 suggests that losses to fraud and error may be anywhere between £1.05 million and £10.5 million per annum.
6. The report highlights some of the current and emerging areas of fraud risk and provides a conclusion on the effectiveness of the Council’s arrangements to minimise the risk of fraud and the challenges and opportunities going forward.

What is Fraud?

7. The Fraud Act 2006 sets out three ways in which the crime can be committed:



8. It involves leading the perpetrator to make a gain (generally financial), causing a loss to another (including an organisation), or exposing someone else to loss.
9. For example, fraud by false representation is where the perpetrator deliberately submits false overtime claims or submits false qualifications during the recruitment process.
10. An example of fraud by failing to disclose information includes not disclosing information to a judge during litigation which results in the organisation losing the case and paying compensation.
11. Fraud by abuse of position includes where a member of staff abuses their position to award contracts to friends and family or transferring creditor payments into their own personal account.

What is Bribery?

12. The Bribery Act 2010 sets out four ways in which the crime can be committed:
- Giving bribes either directly or through a third party
 - Receiving bribes
 - Bribery of a foreign public official
 - Failure of a commercial organisation to prevent bribery (corporate offence)
13. The concept of bribery is broad and includes the offer, promise or giving of a financial or other advantage intended to induce or reward the improper performance of a public function or business activity. Special consideration is also given in the Act to certain areas of activity, including hospitality and gifts.
14. For example, someone giving a Council employee an advantage in return for them not performing their function properly. Just offering or promising a bribe is a criminal offence, there does not have to be any payment or reward given; accepting a bribe is a criminal offence as is agreeing to take or asking for a bribe. The advantage can be money, concert tickets or any other type of gift or hospitality. Examples include if someone offers money in return for:
- Not checking the accuracy of a benefits application
 - Providing confidential information on a tendering process
 - Influencing a Council outcome e.g., lobbying for private companies.
15. The Council is legally bound to prevent bribery and could face a fine for not doing so. Staff are under a duty to report any suspicions they have about financial or professional misconduct. The penalty for being involved in bribery is up to 10 years in prison and / or an unlimited fine.

What is Corruption?

16. Corruption or someone being 'corrupt' relates to behaviour and is the lack of integrity or honesty (which may involve bribery) or the abuse of position for dishonest gain.
17. It is used to describe someone who engages in fraud, theft, money laundering and other potential criminal or damaging practices where they act against the interests of the Council for their or another's gain.
18. For example:
 - Deliberate misrepresentation of performance information
 - Taking money or a gift to award a contract
 - Theft of assets (laptops, equipment)
 - Passing sensitive information to third parties for their advantage in a tendering process
 - Not disclosing a conflict of interest for financial gain
 - Using their influence to secure a job for friend / family members

Why is Countering Fraud, Bribery and Corruption Important?

19. Each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them.
20. At a time of increasing financial pressure, it is more important than ever for all public bodies in Wales to seek to minimise the risks of losses through fraud and support financial sustainability.
21. Fraud can also affect the public sectors' reputation, undermining public trust and organisational efficiency.
22. When councils take effective counter fraud measures, they rebuild this public trust, and ensure that scarce funds are used effectively.
23. The public sector is now being increasingly targeted due to their larger financial transactions and the greater potential profits for fraudsters.
24. CIPFA, in its 'Code of Practice on Managing the Risk of Fraud and Corruption'¹ advocates that:

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

¹ [Code of Practice on Managing the Risk of Fraud and Corruption](#), CIPFA, 2014

Current Context

25. Fraud risk in the UK is generally perceived as high² and encouragingly is increasingly recognised as a serious issue by many in terms of the external threats they face from organised criminals as well as the internal threat from management and staff.
26. Despite the latest figures from the Crime Survey for England and Wales (CSEW) for the year ending June 2023 (3.3 million fraud offences) showing that fraud crime decreased by 13% compared with the year ending June 2022 (3.8 million offences), fraud is the most commonly experienced crime in England and Wales today.³
27. It costs the economy billions every year.⁴ The CSEW estimates showed that fewer than one in seven fraud offences were reported to the police or Action Fraud (the public-facing national fraud and cybercrime reporting centre). This under-reporting hampers understanding of the threat.
28. As well as the public sector, victims of fraud range across vulnerable individuals, major corporations and smaller businesses; £2.46 billion was lost by businesses and individuals alone to fraud in the financial year 2021/22.
29. With the war in Ukraine, record inflation rates and the cost-of-living crisis, other business-critical risks such as supply chain disruption, staff retention, and cyber threats, the opportunities for fraud continue to increase, and fraudsters will take advantage of the situation using increasingly sophisticated tools to commit crime.

30. A recent report⁵ by Zurich UK, based on Freedom of Information data from 43 police forces in England and Wales, highlighted that employee theft jumped by a fifth (19%) in 2022 as the rising cost of living triggered a wave of workplace crime.
31. National figures revealed that almost 6,000 workers were caught stealing from their employer in 2022, up from 5,000 the year before. This amounts to nearly 500 incidents every month.
32. This increase was replicated in the North Wales Police force area, with employee thefts increasing from 55 in 2021 to 68 in 2022; a 24% increase.
33. Along with Hampshire, Cheshire and Surrey police force areas, the North Wales Police force area was in the top quartile of force areas to see an increase in employee theft (13th highest increase).
34. Zurich has also seen an increase in insurance claims for social engineering, where fraudsters manipulate employees into making payments or handing over bank details and passwords. This includes cases where criminals have hacked a senior employee's email and sent urgent payment instructions with fraudulent bank details to other staff members and external parties.

² [Fraud Barometer 2022: A snapshot of fraud in the UK](#), KPMG, February 2023

³ ['Crime in England and Wales'](#), ONS, June 2023

⁴ Estimates for the cost of fraud to the UK vary. For example, see UK Finance, ['Cross-sector action needed as criminal gangs steal more than £1.3 billion'](#) (August 2022); and NCA, ['The threat from fraud'](#)

⁵ [Employee theft jumps by a fifth as cost of living pressures mount](#), Zurich UK, February 2023

Assessment of Counter Fraud Arrangements at the Council

35. CIPFA endorses a common set of principles across the public services to improve counter fraud practice, set out in its Code of Practice on Managing the Risk of Fraud and Corruption⁶. Using this code as a benchmark, an assessment against the five principles was carried out and a high-level summary of the results appears below.

Acknowledge responsibility

36. The first principle of the Code advocates that the governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.
37. A framework of policies exists, as recommended by the guidance and policy acceptance software tracks staff's acceptance and understanding of some policies. The following policies were issued to staff for them to confirm their knowledge and understanding and as at 10/10/23 acceptance was confirmed as:

Policy	Compliance Rate	Current Status
Officers' Code of Conduct and Local Guidance	90% (976 of 1,083)	Suspended ⁷
Whistleblowing Policy and Guidance	95% (1,024 of 1,083)	Suspended

38. A comprehensive programme of policy refreshment, counter fraud awareness raising, and an eLearning package is being delivered as

part of the Counter Fraud Strategy for 2022-2025, as well as an internal audit review of the process for declaring interests.

Identification of fraud and corruption risks

39. The second principle advocates fraud risk identification as essential to understanding specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.
40. The Code supports the consideration of fraud and corruption risks as business risks and for them to be managed as part of the organisation's risk management process. The Council has a mature risk management framework and fraud risk is considered during this process.
41. An internal audit review of the management of fraud and corruption risks during 2021-22 concluded that arrangements existed in terms of policies and procedures to safeguard against the risk of fraud and corruption in its procurement activities. However, there were opportunities to improve the arrangements by updating documents, creating a risk-aware culture within the workforce and developing proactive counter fraud measures within the procurement function. These have been included in the Council's revised Counter Fraud, Bribery and Corruption Strategy for 2022-2025.
42. The internal audit review also highlighted that specific counter fraud training for officers involved in procurement on behalf of the Council would help to improve awareness of fraud risks in this area. In conjunction with the Training and Development Team, a programme of training events has been developed, targeted at members, managers and officers with financial and procurement

⁶ [Code of Practice on Managing the Risk of Fraud and Corruption](#), CIPFA 2014

⁷ The policy acceptance software is currently being upgraded and the policies will be accessible from 7 December 2023.

responsibilities, and is being held across a week in December 2023.

Counter fraud and corruption strategy

43. The third principle advocates that organisations need a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
44. The Council has a clearly defined three-year strategy, approved at the highest level (Governance and Audit Committee, December 2021), which is focused on outcomes, helping to ensure that the risk of fraud and corruption is taken seriously in the Council.
45. A revised strategy will be submitted to the Governance and Audit Committee in February 2024.
46. Progress with delivering the Action Plan within the Strategy is detailed at [Appendix 1](#).

Provision of resources

47. The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy. In the past, there has been a lack of investment and the application of resources within the Council towards counter fraud arrangements.
48. Along with other services in the Council, staff capacity issues in the Internal Audit team has meant that progress with delivering the Counter Fraud, Bribery and Corruption Strategy 2022-2025 has been slow.
49. However, a resource within Internal Audit and Risk Management was identified during the year to:
 - Coordinate data required from the Council by the National Fraud Initiative for its biennial data matching exercise

- Explore high-risk matches identified by the NFI data matching exercise.
- Distribute National Anti-Fraud Network alerts to relevant officers.
- Attend the North & Mid Wales Audit Partnership's Counter Fraud Working Group.

50. In total, 28 days (4%) of the Internal Audit Team's work was involved in counter fraud activities during 2022-23, including 8 days undertaking work for the National Fraud Initiative and 20 days involved with pro-active fraud work, general fraud queries and investigations. This figure had already been surpassed at the end of the second quarter of 2023-24, owing to an internal fraud investigation.

Take action

51. The final principle advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.
52. It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity. Irrespective of the size and activities of an organisation, however, it needs to take appropriate action and report on that action to its governing body.
53. The most efficient and effective way to fight fraud is to prevent fraud occurring in the first place. This can be achieved by sharing knowledge and raising awareness. During 2022-23:
 - the Council's bank, Nat West, provided a national seminar on Tackling Fraud Together - Top Threats to Local Authorities.
 - Internal Audit shared National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year (see [Appendix 2](#))

Fraud Attempted Against the Council During 2022-23

54. In July 2022, a member of the public contacted the Council to query payments being made to the Council from a deceased relative's account. Although this did not appear to be fraud being perpetrated against the Council, it was passed to Internal Audit to investigate to assist the deceased's relative in their enquiries.
55. An investigation revealed that the payments were legitimately made and in full knowledge of the deceased person. Due to Data Protection legislation, the details of the payments could not be divulged to the deceased's relative. We contacted North Wales Police to obtain advice on the next steps they could take and passed this on to the deceased's relative.
56. In February 2023, the Highways, Waste and Property Service reported the theft and fraudulent misuse of a fuel card, following an accident involving one of its fleet vehicles in October 2022, which had just been discovered.
57. An initial investigation concluded that due to the length of time since the initial loss and the number of opportunities and locations where the theft could have occurred, there was little prospect of an investigation reaching a successful outcome.
58. Instead, an internal audit was conducted in April 2023 to provide assurance that the Council had effective arrangements in place to manage its fuel cards, safeguard against the risk of fraud and theft and achieve value for money.
59. Our review concluded that the Council managed its fuel cards effectively in the main, however there were some opportunities to strengthen controls and improve processes and we agreed an action plan with management, raising six issues for their consideration. We continue to monitor the addressing of these.

Conclusion

60. Some level of public sector fraud is likely, even in normal times, and 2022-23 continued to be a year of unprecedented challenges. Given that all elements of the classic fraud triangle in which fraud thrives (motivation, opportunity and rationalisation) are heightened, the prediction for fraud is that it continues to pose a major financial threat for councils, with no sign of slowing down.
61. The Council is not immune to theft in the workplace, which can go undetected for years, and occur at all levels. Unless we have the right protections in place, the Council will have little chance of recovering stolen cash and goods, and may face other expenses, such as regulatory fines.
62. The effective management of fraud and corruption risks is a critical part of an effective, modern council, one that manages its resources efficiently to secure value for money outcomes. The Council can reduce the risk of employee theft by implementing robust payment controls, regular audits, and a positive work culture.
63. Good progress is being made with delivering the Counter Fraud, Bribery and Corruption Strategy 2022-2025. Continued delivery of the Action Plan will ensure the Council is successful in fighting fraud. A key next step is the development of a Council-wide fraud risk assessment which will help to improve the Council's ability to identify potential instances of fraud, as well as any weaknesses in its counter-fraud arrangements or areas at higher risk of fraud. This will allow the Council to better target its limited resources and activities appropriately, particularly if and when new fraud risks emerge.
64. Finally, the behaviours and actions of individuals play a crucial role in tackling fraud risks. We must all, staff and members alike, play our part in creating a culture hostile to the risks of fraud and corruption, clearly setting out the line between acceptable and unacceptable behaviour within the Council.

Appendix 1 – Delivery of Counter Fraud, Bribery and Corruption Action Plan

Issue / Risk	Action	By Who	By When	Current Status
The risk of 'insider threat' has increased by over half since 2021	We will undertake an internal audit review of the arrangements for declaring potential conflicts of interest during 2022-23.	Internal Audit	March 2023	Work in Progress. Informal draft report has been prepared and shared with the Director of Function (Resources) and Section 151 Officer, and Head of Profession (HR) and Corporate Transformation for their views.
Disabled Facility Grants are identified by the FFCL as one of the main fraud risks in local government	We will undertake an internal audit review of the arrangements for managing fraud risks within Disabled Facility Grants during 2023-24.	Internal Audit	March 2024	Fieldwork in progress. Report to February 2024 Governance and Audit Committee.
Tenancy fraud is the largest growing fraud area in the UK	<p>Although the Head of Housing Services has assessed that, generally, tenancy fraud is low in Anglesey, we will work with the NFI to identify:</p> <ul style="list-style-type: none"> where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies cases where a housing tenant has died, but the Council may not have been notified so has not removed them from the tenancy where an individual appears to have registered on the waiting list using a different address to the one on the housing rents system, suggesting possible undisclosed changes in circumstances or that false information has been provided. 	Head of Audit and Risk in conjunction with the Service Manager Community Housing, Housing Services	March 2023	<p>Complete. NFI matches passed to Housing Service and investigated. See National Fraud Initiative Outcomes Report 2022-23.</p> <p>Also, an Internal Audit of Managing the Risk of Tenancy Fraud was completed in September 2023 and concluded that the Housing Service had adequate arrangements in place to manage the risk of housing tenancy fraud, with fundamental controls in place to deter and mitigate the risk of fraud provided for within its policies and contracts. However, there were some moderate governance weaknesses and internal controls that could be improved, and we raised five issues for management to consider.</p> <p>Ongoing support of the Service Manager Community Housing, Housing Service will be provided to undertake options for performing a Tenancy Audit.</p>

Issue / Risk	Action	By Who	By When	Current Status
Council tax single person discount is the second largest growing fraud area in the UK	<p>We will continue to work with the Revenues and Benefits Service Manager to support the periodic review of single person discounts.</p> <p>We will also pass on the results of the matches of the council tax single person discount and electoral roll from the 2022-23 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Revenues and Benefits Service Manager	<p>Ongoing</p> <p>March 2023</p>	<p>Ongoing.</p> <p>Matches provided to Revenues and Benefits Service. However due to other priorities, matches have not been investigated by the service. See National Fraud Initiative Outcomes Report 2022-23.</p>
Disabled parking concession (Blue Badge Scheme) represents 17% of the total cases of UK estimated public sector fraud	<p>We will work with Cyswllt Môn to bolster our counter-fraud activities in this area.</p> <p>We will also pass on the results of the matches of the disabled parking concessions and deceased persons from the 2022-23 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Cyswllt Môn Customer Experience Manager, Corporate Transformation	<p>Ongoing</p> <p>March 2023</p>	<p>Complete. Work with Cyswllt Môn to ensure internal control processes will be strengthened to ensure that the 'Blue Badge' administrators are able to proactively cross reference permit holders' details with deceased records, ensuring that badges are cancelled promptly.</p> <p>Complete. See National Fraud Initiative Outcomes Report 2022-23.</p>
Procurement was one of the highest perceived fraud risk areas in 2019-20	We will work with the Procurement Manager to implement the action plan following the internal audit review of 'Managing the Risk of Fraud and Corruption in Procurement', undertaken in August 2022.	Head of Audit and Risk in conjunction with the Procurement Manager	March 2023	<p>Work in progress. Four out of six 'Issues/Risks' remain outstanding from the Action Plan.</p> <ol style="list-style-type: none"> 1. The revision of the Procurement Strategy and Policy has been delayed due to new legislation 2. Programme of training targeted at officers with procurement responsibilities arranged for December 2023. 3. The Counter Fraud Working Group has not yet been set up 4. A mechanism for confidentially reporting potential or actual fraud is in development with the Web Team and will be hosted on the Customer

Issue / Risk	Action	By Who	By When	Current Status
				Relationship Management (CRM) system. It is planned for go live in January 2024.
Purchase to pay processes are vulnerable to fraud given their large processing volumes, diverse suppliers, staffing challenges, and high-value transactions	We will continue to work with the Creditors Team to identify and prevent error and fraud, including through the use of data analytics (continuous monitoring) and issuing National Anti-Fraud Network (NAFN) and other fraud alerts.	Head of Audit and Risk in conjunction with Payroll and Payments Team Manager	Ongoing	<p>Ongoing. Continuous monitoring carried out and identified 14 potential duplicate payments with a combined value of £53k in April 2023, as part of our follow up audit work in this area. We have provided the Creditors team with this information and work to investigate and recover any overpayments is underway.</p> <p>The NFI 2022/23 exercise highlighted an additional 8 potential duplicate payments with a combined value of £13k. We provide more information as part of our NFI Outcomes report.</p> <p>NAFN alerts issued- see Appendix 2.</p>
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	<p>Having a corporate counter-fraud framework, which provides a whole range of high-level parts, will contribute to the Council having an effective counter-fraud strategy. The Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. We will therefore undertake:</p> <ul style="list-style-type: none"> • a comprehensive programme of policy refreshment • counter-fraud awareness raising • an eLearning package 	Head of Audit and Risk	December 2023	<p>Work in progress:</p> <ul style="list-style-type: none"> • Policy refreshment will be completed by the end of 2023/24. • A week long programme of training is being provided in December 2023 • An eLearning package is in development with the HR Learning and Development Team
The identification, assessment and	We will, in conjunction with services, develop three key work streams which will:	Head of Audit and Risk	December 2023	The establishment of a Counter Fraud Working Group is key to this action. A proposal will be

Issue / Risk	Action	By Who	By When	Current Status
<p>understanding of fraud risks is a cornerstone of effective counter-fraud arrangements</p>	<ul style="list-style-type: none"> • seek to identify fraud risks across the Council • assess fraud control activities and their effectiveness, and • dedicate the right level of resource to investigating and detecting fraud where reported <p>A counter-fraud working group will be developed to help identify fraud risk across the Council.</p> <p>We will work with the group to develop a fraud risk assessment to identify the possible frauds to which services may be exposed. The assessment will estimate both the potential impact of a given fraud and the likelihood of it occurring. The results of the assessments will enable the Council to understand better the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.</p>			<p>made to Leadership Team in early 2024 to seek support for the establishment of this group.</p>
<p>Reactive referrals are often the primary source of work for the Internal Audit Team.</p>	<p>It is often the alertness of the public or employees that generate referrals and enables detection to occur. We will explore the provision of a fraud-reporting tool for staff and public to report concerns.</p>	<p>Head of Audit and Risk in conjunction with the IT Team Manager</p>	<p>June 2023</p>	<p>Work in progress. Work was delayed due to the Web Team's work on the Customer Relationship Management System. Currently in development with an anticipated go-live date of January 2024.</p>
<p>Making the best use of information and technology by</p>	<p>We will participate in the annual and biennial NFI exercises, which use data provided by some 1,200 participating organisations from</p>	<p>Head of Audit and Risk in</p>	<p>Ongoing</p>	<p>Ongoing. See National Fraud Initiative Outcomes Report 2022-23.</p>

Issue / Risk	Action	By Who	By When	Current Status
participating in the National Fraud Initiative	across the public and private sectors to prevent and detect fraud. The NFI matches electronic data within and between public and private sector bodies, which include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The NFI data matching plays an important role in protecting the public purse against fraud risks.	conjunction with services		
Promotion of an anti-fraud culture	We will promote an anti-fraud culture across the Council by publicising the impact of fraud on the Council and the community, through social media.	Head of Audit and Risk in conjunction with the Corporate Communications Team	Ongoing	Not yet started.
Raising awareness	The best way to prevent fraud is to share knowledge and raise awareness. Therefore, we will in conjunction with the Training and Development Team, hold regular fraud awareness raising events, including issuing newsletters, training sessions and briefings.	Head of Audit and Risk in conjunction with the Training and Development Manager	Ongoing	A week long programme of training events is being held in December 2023.
Fraud Reporting	All fraud occurrences are required to be reported to Internal Audit. We will report investigation outcomes and lessons to be learned to the Governance and Audit Committee and the Leadership Team.	Head of Audit and Risk in conjunction with services	Ongoing	Ongoing. Information is provided to the Governance and Audit Committee through the Annual Counter Fraud, Bribery and Corruption Report and the Internal Audit Updates which are submitted to every meeting of the Governance and Audit Committee.

Issue / Risk	Action	By Who	By When	Current Status
Collaboration, learning lessons and closing the gap	We will continue collaborating across the north Wales region to drive forward improvements in counter-fraud activity, including addressing the 15 recommendations made by the Auditor General in his July 2020 report. We will also continue collaborating across national boundaries to collaborate with the North West Chief Audit Executive Counter Fraud Sub Group, to learn lessons, share good practice and close the gap.	Head of Audit and Risk	Ongoing	Ongoing. The North and Mid Wales Audit Partnership Counter Fraud Working Group has completed its work on developing a template to address the 15 recommendations made by the Auditor General. The Group will continue meeting to share knowledge, organise training and discuss emerging risks.
Protecting the Council and its residents	To ensure our counter-fraud strategy aligns with the Council's safeguarding responsibilities to actively protect the most vulnerable in our communities, we will work closely with social care teams to develop joint approaches to identify best practice in countering risks relating to social care fraud.	Head of Audit and Risk in conjunction with the Director of Social Services	Ongoing	Not yet started.

Appendix 2 – National Anti-Fraud Network Alerts

NAFN Data and Intelligence Services is a public sector organisation currently hosted by Tameside MBC. NAFN was established in 1997 by a core group of local authorities from across England and Wales to work collaboratively to explore the exchange of intelligence to address fraud across the country. Currently, almost 90% of local authorities are members, along with affiliated wider public authorities including social housing providers.

NAFN provides an extensive range of data and intelligence services. Along with our colleagues in Trading Standards, we use NAFN for a variety of purposes. In particular, we use NAFN's service to alert colleagues of current frauds being perpetrated across the sector in England and Wales. These alerts have been instrumental in raising the awareness of officers, particularly in the Payments Team, of frauds that are currently being attempted against the sector.

The graph below highlights the variety and scope of alerts received and distributed across the Council:



ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	7 December 2023	
Subject:	National Fraud Initiative Outcomes Report 2022-23	
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	Andrew Lewis Senior Auditor AndrewLewis@anglesey.gov.wales
Nature and Reason for Reporting: This report informs the Governance and Audit Committee of the Council’s current outcomes in respect of the National Fraud Initiative (NFI) 2022-23 exercise.		

1. INTRODUCTION

- 1.1 This report informs the Governance and Audit Committee of the work currently being undertaken in relation to the 2022-23 National Fraud Initiative exercise.
- 1.2 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.
- 1.3 The Council’s Counter Fraud, Bribery and Corruption Action Plan 2022-2025 identifies making the best use of information and technology by participating in the National Fraud Initiative as an action that minimises the risk of fraud, bribery and corruption occurring within and against the Council.

2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee takes assurance from the contents of the report that the Council is seeking to actively embrace opportunities provided by the National Fraud Initiative to use data analytics to strengthen both the prevention and detection of fraud.

National Fraud Initiative Outcomes Report 2022-23

December 2023



Marion Pryor BA MA CMIIA CPFA ACFS

Andrew Lewis BA (Hons) IRRV (Dip) ACFTech



Contents

Introduction	1
Overview of the Process	2
Previous National NFI Outcomes	2
Match Reports Provided	3
Payroll to Creditors	3
Procurement: Payroll to Companies House	3
Housing Tenants to Housing Tenants (within and between bodies)	3
Housing Tenants to Department for Works and Pensions deceased data	3
Housing Tenants to Council Tax Reduction Scheme	3
Housing Waiting List to Housing Waiting List (between local authorities)	4
Blue Badge Parking Permit to DWP deceased records	4
Creditors	4
NFI 2022/23 Savings Outcomes Summary	5
Work in Progress	5
Council Tax Reduction and Housing Benefit	5
Council Tax Single Person Discount to Electoral Register	5
Council Tax Single Person Discount (Rising 18s)	5
Council Tax Single Person Discount to Other Datasets	6
Self-assessment Checklist	6
Conclusion	7
Appendix 1 – NFI 2022/23 Outcomes Summary	8
Appendix 2 – NFI Self-Assessment Checklist	9

Introduction

1. The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office that aims to detect and prevent fraud and error. The Isle of Anglesey County Council, along with other local authorities and public sector bodies, is mandated to participate.
2. As acknowledged by Audit Wales, the success of the NFI exercise is dependent on the proactivity and effectiveness of participant bodies in investigating the data matches.
3. However, participation in the NFI is only one element of an effective counter-fraud strategy; a strong counter-fraud culture and effective counter-fraud policies and procedures are also essential.
4. In December 2022, the NFI published its report on its outcomes between 5 April 2020 and 31 March 2022. In total £443 million of fraud and error was identified across the UK.
5. Of this, £417 million was for England, £14.9 million for Scotland, £6.5 million for Wales and £4.4 million for Northern Ireland. This takes the NFI programme's cumulative savings to £2.4 billion since its creation in 1996.

Overview of the Process

6. The NFI exercise is conducted every two years across the UK. In Wales, it is coordinated by the Auditor General and Audit Wales.
 - Participants submit data to a secure NFI website at the end of the designated calendar year.
 - The NFI system matches data in and between public sector bodies to identify anomalies.
 - Potential anomalies, called ‘matches’, are reported to participants to review, investigate, and record outcomes. Data matches do not in themselves indicate fraud or error, but rather identify cases which may require further analysis.
 - NFI outcomes are to be reported by individual participants and then collected/reported on nationally by the Auditor General.
7. As part of the 2022/23 NFI exercise, in October 2022 the Council submitted data in relation to the following service areas:
 - Housing – Current Tenants and Waiting List
 - Taxi driver licences
 - Payroll data
 - Creditors’ payment history and creditors’ standing data.
 - Council Tax Reduction Scheme
 - Council Tax and Electoral Register (annual submission)
 - Additionally, the Department for Work and Pensions submitted benefit recipient details and the Blue Badge Digital Service submitted Blue Badge holder details.

Previous National NFI Outcomes

8. The Auditor General for Wales’s report on the previous 2020/21 NFI exercise concluded that:
9. “While the majority of Welsh NFI participants display a strong commitment to counter fraud, 13 of the 22 Welsh local authorities identified 95% of the fraud and error outcomes achieved by the sector. This suggests that some local authorities have either failed to recognise the importance of the exercise or are unwilling to allocate adequate, skilled counter-fraud resources to investigate the NFI matches.”¹
10. Notably, seven areas generated almost 97% of the £6.5 million of outcomes across Wales in the 2020/21 exercise:

Category	Value of fraud/error (£)	Number of Cases
Council Tax discounts	£2.6 million	1,987
Blue Badges	£1.4 million	2,717
Housing Waiting Lists	£0.8 million	237
Housing Benefit	£0.6 million	84
COVID-19 business support grants	£0.6 million	43
Council tax reduction scheme	£0.2 million	214
Creditor payments	£0.1 million	9

¹ [The National Fraud Initiative in Wales 2020-21 \(audit.wales\)](https://www.audit.wales/publications/2021-22-national-fraud-initiative-in-wales-2020-21)

Match Reports Provided

11. Between January and March 2023, the Isle of Anglesey County Council received a total of 66 separate reports which contain a total of 2,638 individual matches.
12. To date, we have invested 8 days working on providing the data to the Cabinet Office, analysing and evaluating matches and working with services to investigate the matches and improve their processes.
13. At present, we have analysed and/or coordinated the evaluation of the following reports, the outcomes of which are detailed in a table at [Appendix 1](#):

Payroll to Creditors

14. These matches identify instances where an employee and creditor are linked by the same bank account or the same address in order to find employees with interests in companies with which the Council is trading.
15. Matches may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details to receive payments to which they are not entitled.
16. Despite the number of matches, none have been identified as examples of fraud or corruption. Typically, they are examples of either employee car loans or a member of the same household being a contractor for the Council. Significantly, however, there are no conflict of interest concerns as the Council employees have no influence over procurement decisions.

Procurement: Payroll to Companies House

17. Payroll data is matched to Companies House information and then with the Council's creditors data to identify potential undeclared interests that may have given a pecuniary advantage. These reports are split between those highlighting employees who appear to be registered directors of companies that the Council has traded with

and those where the employee's address appears to have links to the company directors or the company.

18. These matches identified examples of either Council employees or a member of their household being registered directors for Community Groups and/or Private Limited Companies. However, there are no examples where actual/potential conflicts of interest should be declared as there is no connection between the employment role and the organisation/business.

Housing Tenants to Housing Tenants (within and between bodies)

19. This housing tenant report identifies where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies.
20. The matches are explained by overlapping tenancies, either as a result of a prolonged transfer process between properties and/or a tenant fleeing domestic abuse.

Housing Tenants to Department for Works and Pensions deceased data

21. This report identifies cases where a housing tenant has died, but the local authority may not have been notified, so has not removed them from the tenancy or amended their records.
22. A senior housing management officer has analysed 36 matches and confirms that there are no cases of fraud. Tenancies had remained in the name of the deceased whilst survivorship/ succession claims were determined. There was an acknowledgment by the service of delays in resolving some of the cases.

Housing Tenants to Council Tax Reduction Scheme

23. This report identifies possible cases of tenancy fraud and/or incorrect claims for council tax reduction, where an individual appears to be resident at two different addresses.
24. There are no issues for the Council to resolve in relation to these matches. In one example, the tenancy had remained in joint names as

per previous legislation requirements, despite one of the tenants having changed address. Another match whereby the tenancy details are correct but there is a Council Tax reduction issue for a neighbouring local authority to resolve as the claimant no longer lives in their locality.

Housing Waiting List to Housing Waiting List (between local authorities)

25. This report identifies where an individual appears to have registered on a waiting list using two different addresses, suggesting possible undisclosed changes in circumstances or that false information has been provided.
26. Following analysis of three of the matches, one applicant has been removed from the waiting list due to their failure to declare a change in housing circumstances. Eight other matches are currently being investigated and these applicants may also be removed from the Council's waiting list if they have found alternative accommodation or if their housing needs have changed.

Blue Badge Parking Permit to DWP deceased records

27. Individuals who have a 'Blue Badge' are matched to Department of Work and Pensions (DWP) deceased records to identify cases where a permit holder has died, but the local authority may not have been notified.
28. Following discussions with a senior officer that had responsibility for 'Blue Badge' administration, all 299 of these NFI matches were identified as examples of a lack of communication between services, i.e., the 'Blue Badges' had not been closed on the system as the team had not been informed of the permit holder's death.
29. Following this investigation, we were assured by management that internal control processes will be strengthened to ensure that the 'Blue Badge' administrators are able to proactively cross reference permit holders' details with deceased records, ensuring that badges are cancelled promptly.

Creditors

30. These matches highlight possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
31. As a result of our NFI analysis, eight previously unknown duplicate payments to creditors have been identified. The NFI matches did highlight more duplicate payments, however, these had already been detected by internal controls/ previous continuous monitoring audit work, therefore, are not acknowledged as an NFI related outcome.
32. We are advised that the Payments team are in the process of recovering these duplicate payments.

NFI 2022/23 Savings Outcomes Summary

33. The NFI system requires users to record outcomes for their match investigations and place a monetary value where possible to reflect any overpayment or savings resulting from the correction of the records.
34. This can be an actual monetary saving, for instance where a housing benefit overpayment is calculated, or it can be an estimated saving, for instance where a person is removed from the housing waiting list, or a 'Blue Badge' is cancelled.
35. In relation to the 299 'Blue Badge' matches that were not cancelled and remained in circulation following a death, the NFI estimate a significant saving of £194,350, i.e., the NFI assigns an estimated loss value of £650 to each 'Blue Badge' that remains in circulation following a death.
36. In relation to the one housing waiting list fraud/error case (applicant not reporting a material change in housing circumstances), the NFI estimate a savings value of £4,283 for removing them off the waiting list.
37. In relation to Creditors (duplicate records by amount and creditor reference), eight previously unidentified duplicate payments amounting to an overpayment of £13,343.21 were detected via the NFI work.

Work in Progress

Council Tax Reduction and Housing Benefit

38. Due to a combination of competing priorities (e.g., administering cost of living support schemes) and insufficient resources, the Revenues Team has yet to analyse these matches.
39. The longer the delay in analysing these matches, the greater the risk of substantial Council Tax Reduction and Housing Benefit overpayments. However, we are advised that some matches will be evaluated.
40. The Revenues Team also receives separate reports, on an annual basis, in respect of Council Tax and Electoral Register data matches. These matches identify cases where taxpayers may incorrectly be in receipt of Single Person Discount, either due to fraud by failure to disclose a change in circumstances or error.
41. For 2022/23, the following NFI Council Tax reports were produced for the Council to investigate:

Council Tax Single Person Discount to Electoral Register

42. This match (1,097 matches) identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone yet the electoral register suggests that there is more than one person in the household aged 18 or over.

Council Tax Single Person Discount (Rising 18s)

43. This match (116 matches) identifies addresses where the householder is claiming a council tax single person discount on the basis that they are the only occupant over 18 years of age, yet the electoral register suggests that there is somebody else in the household who is already, or is approaching, 18 years of age.

Council Tax Single Person Discount to Other Datasets

44. This match (1,052 matches) identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone, yet other NFI information suggests that there may be more than one person in the household.
45. The Revenues Team is currently in discussions with an external provider who reviews/validates Single Person Discount entitlement using the latest credit bureau financial information. They plan to conduct this exercise before the end of 2023/24. Consequently, to avoid duplication, these NFI matches are unlikely to be investigated.

Self-assessment Checklist

46. The Auditor General has produced two self-assessment checklists for organisations to self-appraise their involvement in the NFI prior to and during the NFI exercises.
47. One checklist is for officers that are involved in planning and managing the NFI exercise and the other is to assist Governance and Audit Committees to review and seek assurance through challenging the effectiveness of their Council's participation in the NFI and is attached at [Appendix 2](#).
48. This checklist provides assurance to the Committee that the Council is maximising the impact of its involvement in the NFI.

Conclusion

49. We are thankful to the relevant services for their role in analysing the NFI matches and/or responding to our queries. However, we would echo Audit Wales's recommendations that participants in the NFI exercise should ensure that they maximise the benefits of their participation and consider whether it is possible to work more efficiently on the NFI matches.
50. To date, Internal Audit has invested a total of 8 days into this exercise, and some services, such as Housing, have also committed significant resources into analysing their matches. Whilst our NFI financial outcomes i.e., the overall amounts of fraud / overpayments and/or error that is detected by the exercise and an estimate of future losses that it prevents, indicates that the exercise has provided a good return on investment, there are apparent weaknesses in the formulas used by the NFI to calculate such outcomes e.g., the inflated value of a 'Blue Badge' remaining in circulation and lost income to the Council.
51. The opportunity to identify internal control weaknesses and to subsequently discuss ways to strengthen processes with management is one unquantifiable benefit of this process that is not reflected by the NFI financial outcomes.
52. The goal of improving the process of analysing our matches to ensure greater efficiency and effectiveness is something that will be discussed with Heads of Service / senior management moving forward so that future exercises provide greater return on investment.
53. As previously discussed, the Revenues and Benefits Service have not analysed the Council Tax matches due to their intention of using an external provider to carry out a managed bulk review of their discounts and exemptions before the end of 2023/24. Consequently, the Council has not been able to maximise the benefit of their participation in the NFI by investigating the most valuable² NFI data matches.
54. It must be acknowledged that the 'Blue Badge' errors heavily skew the financial outcomes. We would, however, anticipate a significant reduction in 'Blue Badge' errors identified in 2024/25 as we have been assured that internal controls have been strengthened in this area.
55. We will continue to work with the Revenues and Benefits Service and the Housing Service in relation to the Housing Benefit, Council Tax Reduction and Housing Tenants matches.
56. Looking ahead to 2024/25, the NFI is currently exploring policy options on the ability to enable local authorities to match adult social care data, to help detect and prevent potential fraud and error within adult social care services. The NFI previously undertook this form of data matching but had to cease in 2020 when changes to healthcare legislation inadvertently meant that they were unable to continue providing matched data back to local government.

² According to Audit Wales, The National Fraud Initiative in Wales 2020-21

Appendix 1 – NFI 2022/23 Outcomes Summary

Report area	Number of matches	Of which deemed high risk by NFI	Of which deemed medium risk by NFI	Number of matches analysed	Fraud / Error confirmed	Awaiting confirmation	NFI financial outcomes, i.e. the overall amounts of fraud/ overpayments and/or error detected by the exercise and an estimate of future losses that it prevents
Blue Badge Parking Permit	394	1	9	323	299	0	£194,350.00
Council Tax Reduction Scheme	202	12	133	0	0	202	<i>To be confirmed</i>
Creditors	1,646	0	0	1,114 ³	8	0	£13,343.21
Housing Benefit Claimants	23	7	6	1	0	22	<i>To be confirmed</i>
Housing Tenants	137	24	36	46	2	41	<i>To be confirmed</i>
Housing Waiting List	39	27	9	3	1	8	£4,283.00
Payroll	195	2	6	113	0	0	£0.00
Procurement	43	0	0	43	0	0	£0.00
Total	2,679	73	199	1,643	310	273	£211,976.21

³ using data analytics

Appendix 2 – NFI Self-Assessment Checklist

Part A: For those charged with governance	Yes / No / Partly	Management Commentary	Is action required?	Who by and when?
Leadership, commitment and communication				
1. Are we aware of emerging fraud risks, e.g., due to COVID-19, and have we taken appropriate preventative and detective action?	Yes	<ul style="list-style-type: none"> • Membership and active participation in professional networks and groups (North and Mid Wales Counter Fraud Group) • Monitoring and response to fraud alerts (NAFN alerts, wider networks, peers etc.) • Emerging fraud risks are considered in the Counter Fraud, Bribery and Corruption Strategy which is revised annually 	The development of Fraud Risk assessments within services	Head of Audit & Risk / Counter Fraud Working Group (following its establishment) By March 2024
2. Are we committed to the NFI? Have the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes	<ul style="list-style-type: none"> • Participation in the NFI exercise is included in the Council's Counter Fraud, Bribery and Corruption Strategy 2022-2025. • NFI outcomes are reported to the Governance and Audit Committee 	None	n/a

Part A: For those charged with governance	Yes / No / Partly	Management Commentary	Is action required?	Who by and when?
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes	As noted in our Counter Fraud, Bribery and Corruption Strategy and Action Plan, we commit to making the best use of information and technology to prevent and detect fraud and error by participating in the National Fraud Initiative.	None	n/a
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	Yes	The Revenues and Benefits Service Manager has considered using <i>AppCheck</i> , but, due to capacity issues, felt that there were insufficient resources available at that time to implement it.	Further consideration of its use within the Council will be discussed by the Counter Fraud Working Group.	Counter Fraud Working Group By March 2024
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?	Yes	NFI progress and outcomes are reported to senior management and the Governance and Audit committee.	None	n/a
6. Where we have not submitted data or used the matches returned to us, e.g., council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Yes	The Council participates in data matching across all data matching categories. However, the Council utilises an external data matching company on a periodic basis to review its Council Tax Single Person Discounts.	None	n/a

Part A: For those charged with governance	Yes / No / Partly	Management Commentary	Is action required?	Who by and when?
8. Do we review how instances of fraud and error arose and use this information to improve our internal controls?	Yes	Any fraud identified would be investigated further. If the cause was due to weak controls, an internal audit would be undertaken to help improve and strengthen the counter fraud controls. For example, the audit of Fuel Cards following the theft and misuse of a Council fuel card.	None	n/a
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g., successful prosecutions)?	Yes	Any successful fraud investigations would be publicised.	None	n/a

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	7 December 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>Nature and Reason for Reporting: 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> <p>It also fulfils the requirements of CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022, to consider the arrangements in place to secure adequate assurance across the body’s full range of operations and collaborations with other entities, specifically, in relation to the authority’s internal audit function to oversee its independence, objectivity, performance and conformance to professional standards; support effective arrangements for internal audit and to promote the effective use of internal audit within the assurance framework.</p>	

1. INTRODUCTION

- 1.1 This report updates the Committee, as at 30 November 2023, on the audits completed since the last update as at 13 September 2023, 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

December 2023



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



Contents

- Summary of Assurance Work Completed Since Last Update _____ 1
 - The Administration of Teachers' Pensions (First Follow Up) _____ 2
 - Organisational Resilience (Strategic Risk YM7) _____ 2
 - Local Government Pension Scheme _____ 3
 - Investigation –Contract Overpayment _____ 3
 - Investigation – Internal Fraud _____ 4
- Work in Progress _____ 4
- Outstanding Actions _____ 5
 - Priorities _____ 5
 - Current Capacity _____ 5
 - Short/Medium Term Priorities _____ 5
 - Longer Term Priorities _____ 5

Summary of Assurance Work Completed Since Last Update

1. This section provides an overview of internal audit reports finalised since the meeting in September 2023, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **five** pieces of internal audit work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
The Administration of Teachers' Pensions (First Follow Up)	Reasonable	0	0	1
Organisational Resilience (Strategic Risk YM7)	Reasonable	0	1	3
Local Government Pension Scheme	Reasonable	0	0	2
Investigation –Contract Overpayment	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Investigation – Internal Fraud	Not Applicable	Not Applicable	Not Applicable	Not Applicable

The Administration of Teachers' Pensions (First Follow Up)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
	1	Moderate

3. Our review sought to answer the following key question:
Has management addressed the 'Issues/Risks' raised in our report on the Administration of Teachers' Pensions, issued in June 2022, which provided Limited Assurance on the governance, risk management and internal control of the area.
4. The Payroll and Pensions Team has made good progress in strengthening the Council's arrangements for administering the Teachers' Pension Scheme and the results of our review are positive.
5. The Payroll and Pensions Team has successfully addressed two of the issues/risks identified during our initial review and action taken to reduce the likelihood of the risk has resulted in one issue/risk being re-scored as 'minor' in risk severity. This leaves one moderate-rated issue/risk still in progress. Work continues on the implementation of a new report (MCR), but this is dependent on Teachers' Pensions and Zellis resolving ongoing issues.
6. We are satisfied that arrangements to manage the risks have improved since our initial review and we can therefore increase the assurance level provided to **'reasonable'**. We will continue to monitor the one remaining action as part of our internal monitoring system to ensure it is successfully implemented, and the associated issue/risk is addressed.

Organisational Resilience (Strategic Risk YM7)

Reasonable Assurance	Issues/Risks	
	0	Critical
	1	Major
	3	Moderate

7. Our review sought to answer the following key question:
Does the Council have adequate arrangements in place to manage and respond to a change beyond its control to ensure that it continues to achieve its priorities and deliver quality services?
8. The Council has an effective framework to manage and respond to a change beyond its control.
9. This includes effective maintenance of networking relationships with key contacts, established performance monitoring processes and robust financial management. Despite this, it is clear that the significant financial challenges facing the Council over the medium term due to the current economic climate will potentially impact on its overall resilience. There are also opportunities to improve the Council's overall business continuity framework.
10. While we have raised four Issues/Risks, which require management attention and identified some amendments that would improve the strategic risk register entry in this area, the outcome of our review is mainly positive.
11. We have agreed an action plan with management and, therefore, within the scope of our review, we are able to provide **reasonable** assurance of the governance, management and control of this risk.

Local Government Pension Scheme

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
2	Moderate	

12. Our review sought to answer the following key question:
Does the Council have effective processes in place to ensure that all eligible employees are offered, enrolled and correctly managed throughout the Local Government Pension Scheme process, whilst ensuring that correct contributions are deducted and credited to the pension scheme administrators?
13. The Council has effective controls to ensure that all eligible employees are offered, enrolled and are correctly managed throughout the Local Government Pension Scheme process while ensuring that correct contributions are deducted and credited to the pension scheme administrators.
14. We highlighted two areas for improvement which would strengthen current arrangements, relating to regular reconciliation of data sent to the pension administrator and additional checks of new starters.
15. While we raised these two Issues/Risks, which require management attention of moderate to low impact at service level, the outcome of our review was mainly positive. We have agreed an action plan with management and therefore, within the scope of our review, we can provide **reasonable** assurance of the governance, risk management and control of this area.

Investigation – Contract Overpayment

16. The Director of Function (Resources) and Section 151 Officer asked Internal Audit to undertake an investigation following the discovery of a contract overpayment.
17. We have confirmed that improved processes have now been implemented to prevent any such issue occurring in the future.
18. While our investigation has concluded, we are unable to share any further detail as it may be prejudicial to the Council's best interests. We will update the Committee as soon as we are able to do so.

Investigation – Internal Fraud

19. In accordance with the Policy for the Prevention of Fraud and Corruption, a Head of Service referred a potential internal fraud to the Head of Audit and Risk, who conducted an internal investigation into the matter. The employee was suspended from duty while the investigation was conducted.
20. At the conclusion of the investigation, the Head of Audit and Risk submitted a report to the Chief Executive, who asked for the matter to be reported to North Wales Police. This was endorsed by the Director of Function (Council Business) / Monitoring Officer and the Director of Function (Resources) / Section 151 Officer in accordance with the Constitution.
21. At the request of North Wales Police, the employee was asked to make arrangements with them to be interviewed.
22. Following this, the employee decided to resign, and the Council accepted the employee's resignation.
23. Following an interview under caution, where the former employee admitted an offence under Section 2 of the Fraud Act 2006, North Wales Police issued the former employee with a Conditional Caution.

Work in Progress

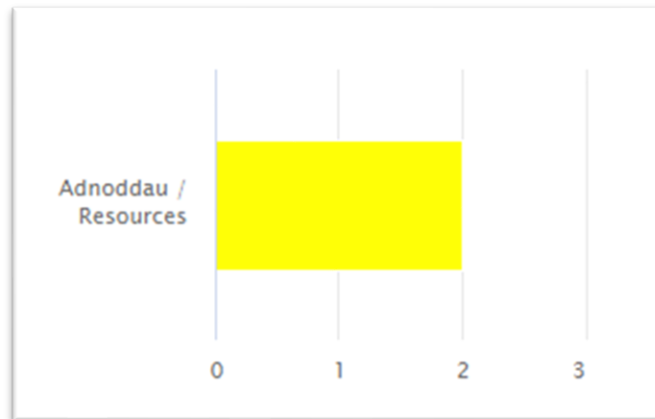
24. The following pieces of work are currently in progress:

Area	Reason for Audit	Stage
Declarations of Interest	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Fieldwork
National Fraud Initiative	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Fieldwork
Payroll ('Starters' Processes)	Internal Audit Strategy 2023-24	Draft Report
Safeguarding Children & Vulnerable Adults (YM10)	Strategic Risk Register assurance	Fieldwork
The Administration of Disabled Facilities Grants	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Fieldwork
Direct Debit Management	Internal Audit Strategy 2023-24	Fieldwork
Investigation – Waste Removal (Housing Service)	Complaint to Cllr Llinos Medi	Fieldwork
Visitor Economy and Coastal Areas Income Processes	Requested by Chief Executive	Scoping

Outstanding Actions

25. Work is progressing to support services with addressing all 'Issues/Risks' raised and implementing all outstanding actions.
26. As at 30 November 2023, two moderate-rated issues/risks are overdue, with both being in the Resources Service.

Overdue Issues / Risks by Service



Priorities

Current Capacity

27. Unfortunately, despite the successful recruitment exercise earlier this year, our new Senior Auditor has left to take up another post within Resources. This means we are now carrying two vacant posts at Senior Auditor level, due to this resignation and the continuance of a long-term secondment.
28. We are utilising the budget savings from the vacancies to commission additional external support.

Short/Medium Term Priorities

29. We are making good progress with our Annual Internal Audit Strategy for 2023-24 and Counter Fraud, Bribery and Corruption Strategy 2022-2025.
30. We are currently working with Zurich Risk Engineering UK to undertake an independent assessment of the Council's Risk Management framework, which will highlight areas of strength and identify recommendations for further development. A report will be submitted to the Committee meeting in February 2024.
31. We are also currently working with the Council's Training and Development Team to provide counter fraud awareness training across the Council, to members and staff, and a week-long series of training sessions are being provided in December 2023.

Longer Term Priorities

32. We will continue to 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.

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ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	7 December 2023	
Subject:	Strategic Risk Register Update	
Head of Service:	Marc Jones, Head of Function (Resources) / Section 151 Officer MarcJones@anglesey.gov.wales	
Report Authors:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales	Julie Jones Risk and Insurance Manager JulieJones@anglesey.gov.wales
<p>Nature and Reason for Reporting: Audit committees are an important source of assurance about an organisation’s arrangements for managing risk and the Committee’s terms of reference require the Committee to oversee the Council’s risk management policy and its implementation in practice. This report updates the Committee with the amendments to the strategic risk register since it was last presented to this Committee in February 2023.</p>		

1. INTRODUCTION

- 1.1. The Council’s risk management policy identifies the Governance and Audit Committee as having responsibility for reviewing the appropriateness of the risk management and assurance processes that are in place.
- 1.2. The Committee’s terms of reference also provide it with responsibilities to seek assurance over risk management arrangements. In particular, it has a responsibility to oversee the Council’s risk management policy and strategy, and their implementation in practice. This report updates the Committee with the amendments to the strategic risk register since it was last presented to this Committee in February 2023.

2. RECOMMENDATION

- 2.1. That the Governance and Audit Committee considers the amendments made to the strategic risk register and takes assurance that the Leadership Team has recognised and is managing the risks to the achievement of the Council’s priorities.



Strategic Risk Register Update

December 2023

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

Julie Jones, Risk & Insurance Manager



Contents

Introduction	3
Strategic Risk Register	4
Changes to the Strategic Risks	5
Top Strategic Risks	7
Appendix A – Summary of Risks (Heat Map)	8
Inherent Risk Rating	8
Residual Risk Rating	8
Appendix B – Risk Assessment Matrix	9
Appendix C – Strategic Risk Register	9

Introduction

1. The Council's risk management policy identifies the Governance and Audit Committee as having responsibility for reviewing the appropriateness of the risk management and assurance processes in place.
2. The Committee's terms of reference also provide it with responsibilities to seek assurance over risk management arrangements. In particular, it has a responsibility to oversee the Council's risk management policy and strategy, and their implementation in practice.
3. In February 2023, a report on the strategic risk register was presented to this Committee and this report updates the Committee with the amendments to the strategic risk register since that report.

Strategic Risk Register

4. The purpose of the Strategic Risk Register is to record the risks that may affect the Council's ability to carry out the Council's Plan, setting out what measures are already in place to manage those risks and what other actions are underway to reduce the possibility of those risks occurring or the impact they are likely to have should they occur.
5. With the new Council Plan in place, the Leadership Team undertook a review of the strategic risk register as a whole in July 2023, to ensure that the strategic risk register provided an accurate reflection of the risks to the Council's strategic objectives.
6. In the same period, the system holding the risk registers (4risk) was upgraded. Among the improvements is the ability to identify what is likely to cause each risk to occur together with the effect if they happened to be identified separately, and fields to capture more detail. There is also a change to the method the risks are scored to numeric only, with the highest risk now being 25 rather than A1.

[Appendix A](#) provides a summary of the strategic risks (heat map), detailing the number of inherent and residual risks.

[Appendix B](#) provides the risk assessment matrix that explains the basis of how the risk scores included in the risk register are reached.

[Appendix C](#) provides the detailed strategic risk register.

7. For ease of reference, the following terms are described as:
 - **Risk:** the effect of uncertainty on change
 - **Risk Management:** coordinated activities to direct and control an organisation with regards to risk
 - **Inherent risk:** the worst-case scenario where there are no effective controls in place or those that are all failing.
 - **Residual risk:** the current situation
 - **Target risk:** the forecasted situation once all the actions identified have been completed.

Changes to the Strategic Risks

8. Since the strategic risk register was last submitted to this Committee, the definition of the following risks has changed. The table below sets out the original definition, the new definition, and reason for the change.

Risk Ref.	Original Definition	New Definition	Reason
YM1	The risk that a real reduction in Council funding would lead to a reduction in statutory services, priorities not being delivered, and increasing staffing pressures	The risk that a real term reduction in Council funding will lead to a reduction in statutory services	Recognition that "priorities not being achieved and increasing staffing pressures" are impacts.
YM5	The risk that the Island's schools are not suitable to meet the future educational challenges and that this affects standards	The risk of failing to implement national changes to the education system and meet the educational challenges of the future	The original risk suggested that the risk referred to school buildings, rather than the education provided.
YM7	The risk that a change beyond the Council's control affects the Council's ability to deliver effective and affordable services	The risk that the Council is not resilient enough to be able to provide services in light of external changes	The risk is the Council's ability to respond to the external factors rather than the external factors themselves.
YM8	The risk that the tendency for younger people to leave while older people move to the island continues or accelerates, affecting the Council's ability to provide suitable services and the bilingualism of communities	The risk that a change in the Island's demography affects the Council's ability to provide suitable services and the bilingualism of communities	Recognition that other factors can affect the demographics of the Island.
YM13	The risk that the Council cannot adapt to become a carbon neutral Authority by 2030	The risk that climate change affects the Island and that the Council is not a net zero organisation by 2030	Recognition that the effects of climate change are likely to impact service delivery
YM14	The risk that the Island's physical assets (e.g., buildings, roads, IT network) will not be fit for purpose, or meet the needs of residents, businesses, and visitors	The risk that the Council's physical assets will not be suitable or meet the future needs of residents, businesses, and visitors	Recognition that the risk to the Council are the Council's assets and not all the Island's assets.

9. In addition, risk YM4: *The risk that a cyber-attack has a significant impact on the Council's ability to provide front-line and support services and results in a significant fine from the Information Commissioner* was closed and included as part of YM3: *The risk of IT failure significantly disrupting service delivery*. This is because a cyber-attack is seen as one thing that can cause IT to fail.
10. Two new risks have been added to the strategic risk register, namely YM15: *The risk that the Council's core collaborative working and partnership arrangements are not robust enough or that they break down*, and YM16: *The risk that there a lack of resources to update business processes affects the Council's ability to modernise*, due to the obvious focus on collaborative working and modernisation in the Council's Plan.
11. In terms of the level of risks, there is only one change, and that is to YM1 risk: *The risk that a real term reduction in Council funding will lead to a reduction in statutory services*. Due to the economic situation and the financial challenges facing the public sector, the probability of risk has increased from 4 – "Likely" to 5 - "Almost Certain" at both an inherent and residual level.

Top Strategic Risks

12. The Leadership Team has identified the top (red/critical) residual strategic risks as:

- YM1: The risk that a real reduction in Council funding would lead to a reduction in statutory services (20)
- YM2: The risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable to provide efficient and effective services (16)
- YM3: The risk of IT failure significantly disrupting service delivery (16)
- YM5: The risk of failing to implement national changes to the education system and meet the educational challenges of the future (16)
- YM9: The risk of a lack of suitable housing that local residents can afford in their communities (20)
- YM11: The risk that an increase in poverty increases demand on Council services (20)
- YM14: The risk that the Council's physical assets will not be suitable or meet the future needs of residents, businesses, and visitors (16)

Appendix A – Summary of Risks (Heat Map)

Inherent Risk Rating

Almost Certain	A			1	5	3
Likely	B				3	1
Possible	C					1
Unlikely	D					
Rare	E					
		5	4	3	2	1
		Insignificant	Minor	Moderate	Major	Catastrophic

Residual Risk Rating

Almost Certain	A				3	
Likely	B			3	4	
Possible	C			2	1	
Unlikely	D				1	
Rare	E					
		5	4	3	2	1
		Insignificant	Minor	Moderate	Major	Catastrophic

Appendix B – Risk Assessment Matrix

LIKELIHOOD	Within the next 3 months	Almost Certain	5					
	Within the next 12 months	Likely	4					
	Within the next 2 years	Possible	3					
	Within the next 5 years	Unlikely	2					
	Not within the next 25 years	Rare	1					
MINOR		MODERATE		1	2	3	4	5
MAJOR		CRITICAL		Insignificant	Minor	Moderate	Major	Catastrophic
Objectives				Minor delay in achieving objectives	Reduction in scope or quality of a secondary objective	Reduction in scope or quality of a primary objective or achievement of a secondary objective is significantly delayed	Achievement of a primary objective is significantly delayed, or a secondary objective cannot be met	A primary objective cannot be met
Reputation				Public concern restricted to local complaints	Minor adverse local / public / media attention and complaints	Serious adverse local or minor adverse regional or national media attention	Serious negative regional or national criticism	Prolonged regional and national condemnation
Financial Cost				<£100k	£100k - £500k	£500k - £2m	£2m - £5m	>£5m
Health & Safety				Near miss or minor injury not requiring any professional medical treatment	Minor injury requiring professional medical treatment	Serious injury	Life changing injury	Fatality
Safeguarding				No safeguarding impact	Isolated non-compliance with procedures	Continued non-compliance with procedures	Isolated safeguarding incident	Multiple and related safeguarding incidents
Regulation				No regulatory impact	Reportable incident to regulator, follow up not required	Report of a breach to regulator that requires immediate correction	Prosecution by regulator leading to fines or intervention that requires a project to rectify the situation	Prosecution by regulators that results in significant fines and/or large-scale intervention
Environmental				Minor short-term effect	Short term effect that requires little resources to resolve	Short term effect that requires significant resources to resolve	Serious short-term effect or some long-term effect	Serious and long-term effect
IMPACT								

Appendix C – Strategic Risk Register

See attachment.

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0001	<p>Risk: The risk that a real term reduction in Council funding will lead to a reduction in statutory services</p> <p>Cause: Inflation rates rise. Settlement from WG below inflation. Wages rise higher than expected. Energy costs rise higher than expected. Grants are cut or expire. Income reduces.</p> <p>Impact: Priorities not being fulfilled. Investments not being made. Increased staffing pressures. Council's financial position weakened. Services cut - provision and quality. Laying off staff or freezing vacant posts. Cannot modernise.</p> <p>Risk Owner: Marc Jones</p>	Critical (5:5=25)	<p>Balances of over 5% of the annual budget held in reserve.</p> <p>Working with WLGA to ensure stakeholders are aware of the threats to services.</p> <p>As part of the 2022/23 budget an indicative budget for 2023/24 and 2024/25 was also set and this will help in terms of planning ahead.</p> <p>Processes to monitor budgets in place and identify soon of the need to make savings or plan for a reduction in services.</p> <p>MTFP – updated for 24/25 and 25/26 and reported to Members as part of the 23/24 budget setting process.</p>	Critical (4:5=20)	<p>Meet with all Members to discuss the financial situation and savings proposals.</p> <p>Review statutory provision.</p>	Marc Jones Marc Jones	30 Nov 2023 31 Mar 2024	Critical (4:4=16)
YM0002	<p>Risk: The risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable.</p> <p>Cause: Wages. Geographical location. Language requirements. Jobs requiring specialist skills. Interest in some work areas is low. Individuals reaching retirement age or looking to retire early.</p> <p>Impact: Additional costs. Complaints. Service not delivered or to a lower standard. Impact on priorities. Adverse impact on staff well-being. More sickness absence. Dismissals. Singular point of failure. A less efficient workforce.</p> <p>Risk Owner: Dylan Williams</p>	Critical (4:5=20)	<p>Procedures established in terms of recruitment that are part of the HR unit's normal business.</p> <p>Initial staffing risks of Services have been identified.</p> <p>Wellbeing and mental health support available for those individuals who need support.</p> <p>Working with colleges / further education locally to develop and boost the Care workforce.</p> <p>Programmes to develop managers across the Council.</p> <p>Initiatives to attract new employees to the Council e.g., Professional Trainee</p> <p>There is a consistent and proactive approach to workforce planning at corporate and service level.</p> <p>Flexible working arrangements</p>	Critical (4:4=16)	<p>Extend the work being done with colleges / further education locally in the care sector to other areas.</p>	Carys Edwards	31 Aug 2024	

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0003	<p>Risk: The risk that IT failure significantly disrupts service delivery</p> <p>Cause: IT equipment age Damage to equipment Electrical or web network unavailable Technical developments (e.g., system upgrades) not working. Cyber attack Lack of IT security User (staff) opening infected emails. Council IT equipment used for personal purpose.</p> <p>Impact: Increased workload of IT staff Failure to provide services. Officers unable to work. Workers unable to access documents / systems. Customers unable to access services. Delay Additional repair costs Reputational damage Sensitive data being stolen / disclosed leading to reporting to the Information Commissioner Loss of access to data following data corruption by Ransomware Financial loss (especially if having to pay a ransom) Being disconnected from partners like PSN, and that will have an impact on benefit subsidy chasing. A fine that may be substantial from the Information Commissioner</p> <p>Risk Owner: Dylan Williams</p>	Critical (5.5=25)	<p>A series of software packages and procedures to reduce the risk of a cyber-attack against the Council.</p> <p>Arrangements in place to respond to incident / report of potential event.</p> <p>Collaborative working, good practice, and training</p> <hr/> <p>Technology and systems architecture</p> <hr/> <p>Capacity and Technical Expertise</p> <hr/> <p>Due diligence</p> <hr/> <p>Business continuity plans and emergency arrangements in place</p>	Critical (4.4=16)	Encourage services to move systems to the cloud to strengthen resiliency and eliminate the need for a second data centre.	Mathew Henshaw	31 Mar 2024	
					Create clusters on related works to move systems to be used.	Mathew Henshaw	30 Apr 2024	
					Provide a mechanism to ensure that policies are accepted in a timely manner and that there are implications of not accepting them.	Carys Edwards	31 Mar 2024	
					Improve IT security in schools.	Mathew Henshaw	31 Aug 2024	
					Complete move to InTune	Mathew Henshaw	31 Dec 2023	
					Provide staff who have access to the Council's digital systems with suitable digital skills training, including cyber security.	Training	31 Mar 2024	
					Procure a new phishing testing service.	Mathew Henshaw	30 Nov 2023	
					Update the IT Recovery plan.	Mathew Henshaw	29 Feb 2024	
					Review the modernisation programme.	Marc Hughes	31 Mar 2024	
					Deliver the Modernisation Learning Communities and Developing the Welsh Language Strategy and Communities	Marc Hughes	31 Mar 2023	
YM0005	<p>Risk: The risk of failing to implement national changes to the education system and meet the educational challenges of the future</p> <p>Cause: Lack of capacity. Financial challenges. New curriculum being introduced. New exams to be introduced. Implications for pupils with additional needs change. New implications for the Welsh language being introduced. Constant developments taking place in digital learning. Unexpected issues arising - e.g., RAAC. Experienced staff leaving.</p> <p>Impact: Pupil needs not being met. Learning standards do not improve. Children and young people not achieving their full potential. Negative impact on the wellbeing of children, young people, and staff. Impact on behaviour. Impact on attendance. Accountability for vulnerable children. Additional costs. Reputational damage.</p> <p>Risk Owner: Marc Hughes</p>	Critical (4.5=20)	<p>Educational standards are monitored.</p> <hr/> <p>Standards Quality Board in place</p> <hr/> <p>Communication channels have been established.</p> <hr/> <p>Modernising Learning Communities and Developing the Welsh Language Strategy adopted.</p> <hr/> <p>The Council is responding to the accountability framework(?)</p> <hr/> <p>Multi-Agency Support Board</p> <hr/> <p>Support offer for schools</p>	Critical (4.4=16)				

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0007	<p>Risk: The risk that the Council is not resilient enough to be able to provide services in light of external changes</p> <p>Cause: Pandemic. Inflation. Brexit. Cost of living crisis. War. Economic factors. Political factors. Extreme weather. Bridges close. Supply chain problems. Animal health crisis. Environmental crisis.</p> <p>Impact: Higher costs. Delay. More complaints. Statutory duties not performed. Displacement of staff. Additional duties without assurance of additional resources. Difference between demand for and ability to provide a service.</p> <p>Risk Owner: Rhys Hughes</p>	Critical (4:4=16)	<p>Follow instructions set to the public sectors in terms of budget management.</p> <p>Procurement and contract monitoring processes in place</p> <p>Budgets set and tightly managed to secure reserves to deal with an emergency.</p> <p>Monitoring what is happening in relevant sectors of the economy (e.g., construction) and a process established to escalate concerns promptly.</p> <p>Working with WG and the UK Government</p> <p>Business continuity plans and emergency arrangements in place</p> <p>Performance is monitored.</p> <p>Council structures work efficiently and adapt flexibly in an emergency.</p> <p>Stable political and strategic leadership position</p>	Major (3:4=12)	Ensure that there is a procedure to undertake annual risk horizon scanning assessment.	Julie Jones	31 Dec 2023	Major (3:4=12)
YM0008	<p>Risk: The risk that a change in the Island's demography affects the Council's ability to provide suitable services and the bilingualism of communities</p> <p>Cause: Young people moving from the Island Older people move to the Island. Work opportunities and wages Housing prices and availability People moving to the Island due to available provision. Immigration</p> <p>Impact: Reduced demand for school places Increased demand for care Impact on number speaking Welsh. Local workforce reduced in number. Impact on the Council's ability to generate income.</p> <p>Risk Owner: Dylan Williams</p>	Major (3:5=15)	<p>Council Trainee Programme gives local people the opportunity to develop skills and apply in work areas that are vital to the provision of Council services.</p> <p>UC statistics and unemployment are monitored.</p> <p>HR promotes work opportunities with the Council within schools, colleges, and the health board.</p> <p>Continuous work reviewing demand for care (adults)</p> <p>Local data from the last national census analysed and used in the formulation of the Council's Plan and other strategic plans.</p> <p>Modernising Learning Communities and Developing the Welsh Language Strategy adopted.</p> <p>Economic Development work programme promoting the Island and creating work / business opportunities for young people.</p> <p>Collaborative work with other organisations to try to develop the economy of North Wales</p>	Major (3:4=12)	<p>Review the impact the Council tax premium has.</p> <p>Try to influence the economy to create work opportunities that are attractive to young people.</p> <p>Develop how the Council collects and analyses data, and the use of data as a basis for decision making.</p>	Marc Jones Christian Branch Dylan Williams	31 Dec 2023 31 Mar 2027 31 Dec 2024	Major (3:4=12)

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0009	<p>Risk: The risk of a lack of suitable housing that local residents can afford in their communities</p> <p>Cause: House prices and rents Size of housing stock Condition of housing stock. Change in the size of the population. Cost of building houses</p> <p>Impact: People leaving their communities and the impact of that on the local economy, their family, and the Welsh language More second homes that are empty for a percentage of the year. Increased demand for Council housing (social) More homelessness Change in local demographics and the impact of this on demand for public services.</p> <p>Risk Owner: Marc Jones</p>	Critical (4:5=20)	Continuous work reviewing demand for care (adults)	Critical (4:5=20)	Conduct an analysis of the local housing market.	Ned Michael	31 Mar 2024	Critical (4:5=20)
			IOACC and other councils lobbied WG to intervene in housing market and WG responded by giving Councils new powers. DHP funding used to try to prevent homelessness.		Agree a strategy of the Council's use of the additional powers WG has announced in relation to the housing market.	Christian Branch	31 Mar 2024	
			New Social Housing HRA being developed.		Prepare the Housing Strategy for 2025 onwards.	Ned Michael	31 Dec 2023	
			The Council and other housing organisations are working with local builders to increase the social housing stock.		Complete and implement the Housing Strategy	Ned Michael	31 Mar 2025	
			Second homes premium raised to 75% for 2023/2024 and generates around £1.5m of income to fund projects that will help local residents get a house. Council Tax premium on second houses to try to reduce the number of second homes.		Deliver the Executive Committee's intention to increase the premium gradually and to 100% by 2024 and ensure that bulk of the extra income is used to fund schemes to help local people buy own homes and promote the local economy.	Marc Jones	31 Mar 2024	
					Implement plans to build affordable housing and shared equity.	Ned Michael	31 Mar 2030	
					Review the impact that the Council tax premium has.	Marc Jones	31 Dec 2023	
					Present the output of the local housing market analysis to WG to try to influence policies relating to intervention in the housing / second home market.	Dylan Williams	31 Mar 2024	
YM0010	<p>Risk: The risk that a serious safeguarding error results in or contributes to serious harm to the vulnerable individuals the Council is responsible for</p> <p>Cause: Social Workers workload Experience and qualifications of social workers. Monitoring arrangements. Co-working arrangements between agencies Experience and qualification of school, youth, and early years staff. Unstable workforce</p> <p>Impact: Individuals suffer. Death of an individual. Impact on staff health and wellbeing. Reputational damage. Trust in the Council is lost. Legal proceedings and/or claim for damages.</p> <p>Risk Owner: Fôn Roberts</p>	Critical (5:4=20)	Practice Quality Frameworks in place which include the role of the Independent Safeguarding and Review officers. Supervision of staff	Major (4:2=8)	Ensure that a suitable budget and resources continue to maintain the level of service and keep up with the increasing demand on Social Services	Fon Roberts	29 Feb 2024	Major (4:2=8)
			Procedure to support staff dealing with challenging / traumatic individuals or situations. Multi-agency working Regular reporting to the Safeguarding Board and Regional Board Comply with relevant national, regional, and local procedures. Staff training Workforce Strategy in place External review by CIW Action Plan in a place that is under regular review.		Review statutory provision.	Marc Jones	31 Mar 2024	

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0011	<p>Risk: The risk that increasing poverty increases demand on Council services</p> <p>Cause: Unemployment Low wages Dependency on benefits Increasing cost of living Cost of housing and rent increasing.</p> <p>Impact: Pressures on services and on finances (including the Council's ability to collect income) Increased homelessness More children in care More suffering mental health issues Debts rising (individuals and payable to the Council) Increased demand for financial help Increase in anti-social behaviour.</p> <p>Risk Owner: Fôn Roberts</p>	Critical (4:5=20)	<p>Monitor statistics and report them to the Strategic Preventive Board (Steering group)</p> <p>Work with other agencies to support individuals who need additional support.</p> <p>Council financial inclusion officers and service level agreements in place with CAB and JE O'Toole to offer support to individuals and families.</p> <p>Project Manager for Poverty appointed and operational.</p> <p>Strategic Preventive Board and Executive Preventive Board established to lead on prevention.</p> <p>Providing free lunch to primary school children from September 2022</p> <p>Community arrangements in place that creates community resilience rather than turning to council for support.</p> <p>A programme of community work in place to support individuals.</p> <p>The Council supports and promotes the Food Banks and Community Freezers that have been established.</p>	Critical (4:5=20)	Apply for any grants that are offered to support community projects (e.g., food banks)	Alun Roberts	31 Mar 2024	Critical (4:4=16)
YM0012	<p>Risk: The risk that the Council's corporate safeguarding arrangements are found to fall short of expectation and requirements, and consequently fail to protect the public</p> <p>Cause: Lack of understanding of the requirements / expectations. Lack of resources. A belief that safeguarding issues are not relevant locally.</p> <p>Impact: Harm to individuals. Reputational damage. Confidence in the Council is lost. Deaths.</p> <p>Risk Owner: Rhys Hughes</p>	Critical (4:4=16)	<p>Relevant processes, procedures and systems in place that reflect current legislation, statutory guidance and expectations and accepted best practice so that officers are clear about what must or can be done in certain circumstances and define the limits of professional discretion.</p> <p>Governance arrangements that provide senior level reporting, policies, and procedures within the organisation</p> <p>Committed to the Welsh Government's code on Ethical Employment in Supply Chains</p> <p>A training framework that provides a corporate approach to ensuring a workforce that is aware of key areas of safeguarding/exploitation/abuse: and through safeguarding training at a level commensurate with their roles and responsibilities.</p> <p>A framework of policies and procedures to ensure a fully recruited and managed workforce that complies with statutory requirements - Anglesey County Council's recruitment and selection policy, DBS policy and safer recruitment policy.</p> <p>Corporate Safeguarding Action Plan, which focuses on authority wide implementation, and key areas where the corporate safeguarding board should keep an overview.</p>	Moderate (3:3=9)	Coordinate arrangements to ensure that the Council implements the requirements of Martyn's Law.	Susan Jones	31 Dec 2024	Moderate (3:3=9)

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0013	<p>Risk: The risk that climate change affects the Island and that the Council is not a net zero organisation by 2030</p> <p>Cause: Extreme weather. Land erosion. Lack of resources - staff and funding. Lack of understanding. Suppliers not developing / taking action fast enough to allow the Council to act.</p> <p>Impact: Impact on the health and wellbeing of local residents. Council cannot access grants and other budgets. Higher costs. Adverse impact on the environment. Reputational damage.</p> <p>Risk Owner: Rhys Hughes</p>	Critical (4:4=16)	Capacity created to lead on climate change.	Major (4:3=12)	Implement the Climate Change Plan	Rhys Williams	31 Mar 2030	Major (4:3=12)
			Working collaboratively nationally and regionally to learn from others.		Escalate any delays on work by SPEN.	Rhys Williams	31 Dec 2023	
			Percentage of the Council's vehicle fleet are electric cars.					
			Work has been carried out on a range of buildings to make them more energy efficient (including solar panels)					
			A climate change emergency has been declared.					
			3-year plan towards Net Zero approved along with an annual action plan.					
			A health review for climate change has been conducted.					
			Tree planting and countryside management activities continue through relevant services.					
			Reporting annually on carbon emissions to Welsh Government					
			Dashboard of carbon emissions data developed.					
YM0014	<p>Risk: The risk that the Council's physical assets will not be suitable or meet the future needs of residents, businesses, and visitors</p> <p>Cause: Age of assets. Lack of investment. Damage to the asset - weather, intentional, accidental. Public expectations. Asset condition surveys identify vulnerabilities.</p> <p>Impact: The need to invest increases as assets decline. Failure to provide service if assets are unsuitable. More complaints. Reputational damage. Economic impact. Impact on residents. A need for the Council to support individuals and businesses.</p> <p>Risk Owner: Rhys Hughes</p>	Critical (5:5=25)	Schools Transformation team in place	Critical (4:4=16)	Complete the extension at Ysgol Y Graig	Gareth Thomas	31 Aug 2024	Critical (4:4=16)
			Capital work.		Prepare a new Capital Plan that has been aligned to the Council's Plan 2023-2028	Susan Jones	31 Mar 2024	
			Capital plan.		Prepare and gain approval for the Asset Management Plan	Huw Percy	31 Mar 2024	
			Specialisation in buildings, roads and health and safety fields to prioritise spending.		Encourage services to search and seek out capital grants to complement the Council's capital funding.	Marc Jones	31 Mar 2024	
			Constant searches for opportunities to attract grant funding and maximize those grants to improve our assets.		Prepare and gain approval for a Highways Asset Management Plan	Huw Percy	31 Dec 2023	
			Modernising Learning Communities and Developing the Welsh Language Strategy adopted.		Continually press other organisations (e.g., WG) to maintain the assets they are responsible for, but which impact on the Council and its residents.	Dylan Williams	31 Dec 2025	
			Property staffing structure strengthened.		Seek assurances that the capital needs of services have been identified in service risk registers.	Julie Jones	31 Dec 2023	
					Provide training to officers on how to use grant money efficiently.	Hyfforddiant	31 Mar 2024	
					Create and implement a response plan to RAAC.	Meilir Hughes	31 Dec 2023	
					Escalate any delays on work by SPEN.	Rhys Williams	31 Dec 2023	

Ref	Risk	Inherent (Impact x Likelihood)	Controls	Residual (Impact x Likelihood)	Actions			Target (Impact x Likelihood)
					Action	Owner	By	
YM0015	<p>Risk: The risk that the Council's core collaborative working, and partnership arrangements are not robust enough or that they break down Lack of contracts</p> <p>Cause: Contracts are unclear Lack of scrutiny of the partnership's work Partners have different agendas and priorities. Disagreement on the level of funding required and ability of partners to fund the work of the partnership. Conflict of interest</p> <p>Impact: Services not provided or reduced. Quality of services decreases. Liabilities fall on the Council. Public receive a less efficient service. Costs of providing services rise. More resources needed to deliver services. Duplication of work (e.g., by the Council and another organisation). Reputational damage.</p> <p>Risk Owner: Dylan Williams</p>	Critical (5:3=15)	Professional networking Working with other organisations on Friendly Age Island Part of the North Wales Economic Ambition Board Energy Island Programme Work Mindful of Trauma work Place Shaping work Work with other public organisations Initial cooperation agreement in place relating to the free port.	Moderate (3:3=9)	Review the governance of core partnerships.	Julie Jones	31 Mar 2025	Moderate (3:2=6)
YM0016	<p>Risk: The risk that there a lack of resources to update business processes affects the Council's ability to modernise</p> <p>Cause: Lack of financial investment in systems Requirements change over time. Legal / regulatory requirements change. Time and resources (people and finance) to change. Attitude towards change</p> <p>Impact: Compliance failure Less effective and efficient work streams Data and information not available Customer's needs not being met. Customer experience Reputational damage</p> <p>Risk Owner: Dylan Williams</p>	Critical (4:5=20)	Templates and content of business continuity plans reviewed.	Major (3:4=12)	Develop how the Council collects and analyses data, and the use of data as a basis for decision making. Establish a corporate IT strategy. Conduct an external review of the Council's procurement arrangements Integrate systems as much as possible.	Dylan Williams Julie Jones Marc Jones Julie Jones	31 Dec 2024 31 Mar 2024 30 Sep 2023 31 Mar 2025	Moderate (3:3=9)

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

Quarterly Update: 30 September 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in March 2023.	December 2023	Draft report to be issued in November 2023

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2023.	December 2023	The Statement of Accounts were received on 30 June 2023 and audit fieldwork is nearing completion.

Description	Scope	Timetable	Status
<p>Certification of Grant returns:</p> <p>Teachers' Pension Contributions for the financial year 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline last working day in May 2023.</p> <p>Certification deadline 30 November 2023.</p>	<p>Return received 31 August. The audit is due to commence shortly.</p>
<p>Certification of Grant returns:</p> <p>Non-Domestic Rates 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 June 2023.</p> <p>Certification deadline 17 November 2023.</p>	<p>Return received on 13 June 2023. The audit has commenced.</p>
<p>Certification of Grant returns:</p> <p>Housing Benefit Subsidy 2020-21</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 April 2021.</p> <p>Certification deadline 28 February 2022.</p>	<p>Return received on 28 April 2021. The audit has now been completed.</p>
<p>Certification of Grant returns:</p> <p>Housing Benefit Subsidy 2021-22</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>Council deadline 30 April 2022.</p> <p>Certification deadline 31 January 2023.</p>	<p>Return received on 29 April 2022. The initial testing work is well progressed.</p>

Description	Scope	Timetable	Status
Certification of Grant returns: Housing Benefit Subsidy 2022-23	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	Council deadline 30 April 2023. Certification deadline 31 January 2024.	Return received 13 November 2023. The audit has not yet started.

Performance Audit work

2022-23 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle. <ul style="list-style-type: none"> • Financial position 	Ongoing monitoring of financial position	Ongoing

2022-23 Performance Audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	<p>September – December 2023</p> <p>February – December 2023</p> <p>February – December 2023</p>	<p>AW will not undertake detailed work at all councils as part of our 2022-23 work programme. We are currently exploring our options for undertaking a detailed piece of work on this topic either in 2023-24 or future years.</p> <p>In progress – draft report shared with the Council.</p> <p>Fieldwork nearing completion, reporting from December 2023 onward.</p>
Thematic Review – Unscheduled Care	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>	<p>August 2022 – July 2023</p>	<p>Fieldwork nearing completion, reporting from December 2023 onward.</p>

2022-23 Performance Audit work	Scope	Timetable	Status
Thematic review – Digital	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – October.	In progress – draft report shared with the Council.
Review of Development Control and Planning Enforcement	The review will seek to establish: Does the Council have an effective and resilient development control and planning enforcement service?	July 2022 – June 2023	Final report issued in July 2023.

2023-24 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	April 2023 to March 2024	Ongoing
Thematic review – Financial Sustainability	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – June 2024	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	January – July 2024	Scoping
Local project – Follow-up on WHQS 2018	We will review the Council’s response to the findings of our 2018 report.	To be confirmed	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey County Council
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Report drafting – publication due November/December 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Report drafting – publication due November/December 2023.	No
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	individual letters have been issued to the four CJCs. National summary report due for publication October/November 2023.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey County Council
Governance in Fire and Rescue Authorities	Review of systems and effectiveness of governance	September 2023 – March 2024	Project brief issued	No
Homelessness	Examining how services are working together to progress the response to homelessness.	tbc	Scoping	tbc

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Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority was removed from the causing significant concern category following a monitoring visit in July. We inspected Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July. Both reports have been published on our website. We will be inspecting Conwy local government education service on the week beginning 6 November.

Field work being carried out across local authorities during the autumn term includes a focus on attendance, school improvement and the work of the local authority to mitigate the impact of poverty on learners' attainment.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews			
Community Learning Disability Teams (CLDT)	Working with HIW we will complete a small sample of joint CLDT inspections in 2024. We will use this approach to evaluate and consider our approach to joint inspection.	2024-25	Planning
Deprivation of Liberty Safeguards – 10 years on	We are working in partnership with HIW to consider our approach and follow up on the report: <u>A National Review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales (hiw.org.uk)</u> undertaken in 2014.	2024-25	Scoping
Stroke pathway	Working in collaboration with HIW a <u>National Review of Patient Flow: a journey through the stroke pathway (hiw.org.uk)</u> has recently been published.	Complete	Published

CIW planned work 2023-25	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>In progress</p>	<p>Publication November 2023</p>
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2023-25	Scope	Timetable	Status
<p>Joint Inspection Child Protection Arrangements (JICPA)</p>	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings following Denbighshire County Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 Care Inspectorate Wales</p> <p>The findings following Bridgend County Borough Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 Care Inspectorate Wales</p> <p>We will publish a national report in late spring 2024.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>
<p>Performance review of Local Authorities</p>	<p>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	<p>Ongoing</p>	<p>Ongoing</p>

Audit Wales national reports and other outputs published since September 2022

Report title	Publication date and link to report
NHS workforce – data briefing	September 2023
Income Diversification for National Park Authorities in Wales	September 2023
Approaches to achieving net zero across the UK	September 2023
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	September 2023
Local Government Financial Sustainability Data tool update (further update planned autumn 2023)	September 2023
NHS finances data tool – to 31 March 2023	September 2023
Public interest reports – Ammanford Town Council and Llanferres Community Council	September 2023
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	August 2023
'Cracks in the Foundations' – Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023

Report title	Publication date and link to report
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	September 2022

Report title	Publication date and link to report
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022

Audit Wales national reports and other outputs (work in progress / planned)^{1, 2}

Title	Indicative publication date
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023
NHS quality governance	October/December 2023
A465 Section 2 – update	November/December 2023
Ukrainian refugee services	December 2023/January 2024

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	January 2024
Local government use of performance information, outcomes and service user perspective – national summary	November/December 202
Affordable housing	February/March 2024
Active travel	Spring 2024
Cancer services	To be confirmed (scoping)
Velindre Cancer Centre	To be confirmed (scoping)
Welsh Government capital and infrastructure investment	To be confirmed (scoping)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	R&D work underway September to December 2023. Data gathering with representative groups. Outputs will inform any further audit work.
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
The senior public service	To be confirmed (scoping early 2024)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Audit Committees. 'What does good look like?'. R&D work to understand the broad audit committee landscape across all sectors in Wales. Outputs to support Good Practice Exchange events and potential future audit work.	R&D work Sept – Dec 2023 Good Practice Event Spring 2024

Good Practice Exchange events and resources

Title	Link to resource
<p>Strategy to Action: How digital makes a difference to everyday lives This event will take a practical and honest view at the digital landscape in Wales and will offer practical ideas for public and third sector organisations which will help them achieve the best value for money.</p>	<p>27 September 2023 09:00 – 13:00 – North Wales – To register for North Wales</p> <p>5 October 2023 09:00 – 13:00 – Cardiff – To register for Cardiff</p>
<p>Working in partnership to improve wellbeing This event will bring together the North Wales Insight Partnership, the Public Service Boards and the C4C community to share wellbeing plans across the North Wales region, as well as sharing the innovative work being undertaken by a range of sectors around wellbeing in our communities. The event will provide opportunities to discuss how we can connect all of this work to deliver real change.</p>	<p>24 October 2023 09:30 – 16:30 To register for North Wales Cardiff date TBC</p>

Title	Link to resource
<p>Integrity in the Public Sector ‘Trust is built and maintained through competence, reliability, and honesty, as well as the building of genuine and sound relationships between the public sector and the public it serves. That means the public sector must be accountable for the management and delivery of public services and outcomes, for the direction and control of the work it does, the resources it manages, and for its behaviour and ethics.’ This event will look at how public services can promote a culture of integrity.</p>	<p>5 December 2023 10:00 – 12:00 Online To register</p>
<p>Podcast: Auditing Community Resilience In this edition of The Exchange, our Local Government team discuss some of the factors that cause poverty in Wales, as well as the value provided by social enterprises, and the importance of keeping wealth in communities.</p>	<p>To listen</p>

Recent Audit Wales blogs

Title	Publication date
<p>Building Safety – Have we learnt from Grenfell?</p>	<p>1 August 2023</p>
<p>Helping people to help themselves</p>	<p>15 February 2023</p>
<p>A perfect storm – the cost of living crisis and domestic abuse</p>	<p>21 November 2022</p>
<p>Tackling poverty means tackling poverty data</p>	<p>11 November 2022</p>
<p>Cost of living and putting away the bayonet</p>	<p>21 September 2022</p>
<p>Heat is on to tackle Climate Change</p>	<p>18 August 2022</p>
<p>Direct Payments in Wales</p>	<p>15 June 2022</p>

Title	Publication date
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	7 December 2023
Subject	Review of Forward Work Programme for 2023-24 v4
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 A Forward Work Programme for 2023-24 is provided to the members of the Governance and Audit Committee to assist them in fulfilling the Committee's Terms of Reference.	

1.0 INTRODUCTION

- 1.1 A Forward Work Programme is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
- 1.2 The programme has been developed considering the Committee's terms of reference and its responsibilities under the Local Government and Elections (Wales) Act 2021.
- 1.3 Amendments have been made to the dates that reports will be submitted to the September 2023, December 2023, February 2024 and April 2024 meetings to take account of the Committee's work on reviewing its effectiveness.

2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - considers whether the Forward Work Programme proposed for 2023-24 meets the Committee's responsibilities in accordance with its terms of reference, and
 - notes the changes to the dates on which reports will be submitted.

Appendix A – Forward Work Programme 2023-24

Core Function	29 June 2023	27 July 2023	21 September 2023	07 December 2023	08 February 2024	18 April 2024
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2023-24 (3.4.8.3.2) Annual Chair's Report 2022-23 (3.4.8.3.1)	Review of Forward Work Programme 2023-24 v2 (3.4.8.3.2)	Review of Forward Work Programme 2023-24 v3 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2)	Review of Forward Work Programme 2023-24 v4 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2)	Review of Forward Work Programme 2023-24 (3.4.8.3.2) Committee Self-assessment (3.4.8.3.2) Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2024-25 (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 2022-23 (3.4.8.4.4) Final Annual Governance Statement (3.4.8.4.1/2/3)		
Treasury Management (3.4.8.5)			Annual Report 2022-23 (3.4.8.5.1/2/3/4)	Mid-year Report (3.4.8.5.3)	Mid-year Report (3.4.8.5.3)	

Core Function	29 June 2023	27 July 2023	21 September 2023	07 December 2023	08 February 2024	18 April 2024
					Strategy and Prudential Indicators 2024-25 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7)	Annual Insurance Report 2022-23 (3.4.8.7.1/2) Climate Change Update (3.4.8.7.1/2)		Annual Information Governance Report 2022-23 (3.4.8.7.1/2) Annual ICT Security Report 2022-23 (3.4.8.7.1/2) Annual Health & Safety Report 2022-23 (3.4.8.7.1/2)	Annual Information Governance in Schools Report 2022-23 (3.4.8.7.1/2) Annual Information Governance Report 2022-23 (3.4.8.7.1/2) Annual ICT Security Report 2022-23 (3.4.8.7.1/2)	Annual Health & Safety Report 2022-23 (3.4.8.7.1/2) Annual Information Governance Report 2022-23 (3.4.8.7.1/2) Annual ICT Security Report 2022-23 (3.4.8.7.1/2)	
Risk Management (3.4.8.8)			Strategic Risk Register Update (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)	Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1) Risk Management Health Check (Zurich Municipal Risk Engineering) (3.4.8.8.1)	Annual 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)

Core Function	29 June 2023	27 July 2023	21 September 2023	07 December 2023	08 February 2024	18 April 2024
Countering Fraud and Corruption (3.4.8.9)			Annual Counter Fraud, Bribery and Corruption Report 2022-23 (3.4.8.9.4) Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.9.1)	Annual Review of Counter Fraud, Bribery and Corruption Strategy 2023-26 (3.4.8.9.2/3) Annual Counter Fraud, Bribery and Corruption Report 2022-23 (3.4.8.9.4)	Annual Review of Counter Fraud, Bribery and Corruption Strategy 2023-26 (3.4.8.9.2/3)	
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2022-23 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6) External Quality Assessment of Conformance with the Public Sector Internal Audit Standards (3.4.8.10.1/2/9/12/14)		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 2024-25 (3.4.8.10.1/2/5/6) Review of Internal Audit Charter (3.4.8.10.3/13)

Core Function	29 June 2023	27 July 2023	21 September 2023	07 December 2023	08 February 2024	18 April 2024
External Audit (3.4.8.11)	Work Programme and Timetable – Quarterly Update (Q4 2022) (3.4.8.11.3) Outline Annual Audit Plan 2023 (3.4.8.11.1/3)	Detailed Annual Audit Plan 2023 (3.4.8.11.1/3)	Review of Development Control and Planning Enforcement <ul style="list-style-type: none"> national report (for information) local report in relation to the Isle of Anglesey County Council organisational response (3.4.8.11.3) Work Programme and Timetable – Quarterly Update (Q1 2023) (3.4.8.11.3)	Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)	Annual Audit Summary 2023 (3.4.8.11.3)	
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2022-23 (3.4.8.12.1/2)		Final Statement of Accounts 2022-23 (3.4.8.12.1/2)		
Other regulators and inspectors (3.4.8.13)				National Reviews and their Related Recommendations (3.4.8.13.1)	National Reviews and their Related Recommendations (3.4.8.13.1)	
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.14.1/2)			

Core Function	29 June 2023	27 July 2023	21 September 2023	07 December 2023	08 February 2024	18 April 2024
			Annual Letter of the Public Services Ombudsman for Wales 2022-23 (3.4.8.14.1/2)			
Self-assessment (3.4.8.15)	Review of the Draft Annual Corporate Self-assessment report (3.4.8.15.1/2/3)					
Performance Panel Assessment (3.4.8.16) ¹						

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). 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
Understanding Local Authority Accounts for Councillors	Virtual	Chartered Institute of Public Finance and Accountancy (CIPFA)	22 June 2023	Dilwyn Evans Michael Wilson
			24 August 2023	Cllr Geraint Bebb
Treasury Management	Virtual	Richard Bason, Treasury Management Advisor, Link Group	15 September 2023	Dilwyn Evans Michael Wilson Cllr Euryrn Morris Cllr Margaret M. Roberts
Effective Chairing Skills	Virtual	Welsh Local Government Association (WLGA)	11 October 2023	Michael Wilson Cllr Euryrn Morris
			17 October 2023	Dilwyn Evans Sharon Warnes William Parry
Countering Fraud and Corruption	Face to Face	Paul Stratton, 'The Fraud Nerd'	4 December 2023	
Risk Management	Hybrid	To Be Confirmed	Spring 2024	

Page 269

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	

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