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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD IAU, 16 GORFFENNAF 2026 am 2:00 y. p.	THURSDAY, 16 JULY 2026 at 2.00 pm
YSTAFELL BWYLLGOR, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL AR ZOOM	COMMITTEE ROOM, COUNCIL OFFICES AND VIRTUALLY ON ZOOM
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Geraint Bebb, Eurnyn Morris (*Dirprwy Gadeirydd/Deputy Chair*), Margaret M. Roberts, Sedd Wag/*Vacant Seat*

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Gwilym O. Jones

LLAFUR CYMRU/WELSH LABOUR

Keith Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Paul Ellis, Kenneth Hughes

AELODAU LLEYG / LAY MEMBERS

Adam Jones, Dr Geraint Jones (*Cadeirydd/Chair*), William Maund, William Parry

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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 - 10)

To present the minutes of the previous meeting of the Governance and Audit Committee held on 25 June 2026.

3 GOVERNANCE AND AUDIT COMMITTEE ACTION LOG (Pages 11 - 14)

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

4 INTERNAL AUDIT OF DISABLED FACILITIES GRANTS - PROGRESS UPDATE (Pages 15 - 18)

Head of Housing Services to give an update on progress in implementing remaining actions.

5 INTERNAL AUDIT UPDATE (Pages 19 - 26)

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

6 ANNUAL TREASURY MANAGEMENT REVIEW 2025/26 (Pages 27 - 42)

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

7 DRAFT ANNUAL STATEMENT OF THE ACCOUNTS 2025/26 (Pages 43 - 160)

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

8 DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26 (Pages 161 - 182)

To present the report of the Head of Digital, Performance and Modernisation.

9 STRATEGIC RISK REGISTER UPDATE (Pages 183 - 204)

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

10 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2025/26 (Pages 205 - 226)

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

11 AUDIT WALES: RECRUITMENT AND RETENTION CHALLENGES - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 227 - 246)

To present the report of Audit Wales and the Management response.

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12 ANNUAL CORPORATE HEALTH AND SAFETY REPORT 2025/26 (Pages 247 - 278)

To present the report of the Head of Regulation and Economic Development.

13 REVIEW OF FORWARD WORK PROGRAMME 2026/27 (Pages 279 - 286)

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

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 25 June, 2026

PRESENT:	Dr Geraint Jones (Lay Member) (Chair) Councillor Euryrn Morris (Deputy Chair) Councillors Geraint Bebb, Kenneth Hughes, Gwilym O. Jones, Keith Roberts. Lay Members: Mr Adam Jones
IN ATTENDANCE:	Chief Executive (for item 10) Director of Function (Resources)/Section 151 Officer Head of Internal Audit & Risk (MP) Head of Housing Services (for item 5) Strategic Performance and Projects Manager (GP) (for item 10) Committee Officer (ATH) Webcasting (AS)
APOLOGIES:	William Maund, William Parry (Lay Members), Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance, Corporate Business and Customer Experience), Lora Williams and Carwyn Rees (Audit Wales)
ALSO PRESENT:	Head of Adult Services, Principal Auditor (NW), Senior Auditor (AM) (IoACC)

The Deputy Chair welcomed Members and Officers to the meeting. He extended his and the committee's condolences to Mr William Parry, Lay Member following a recent bereavement. He informed the committee of a change in the order of business, bringing forward item 10 on the agenda to be taken after item 2.

1. ELECTION OF CHAIRPERSON

Dr. Geraint Jones was elected Chairperson of the Governance and Audit Committee.

2. DECLARATION OF INTEREST

No declaration of interest was received.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on 14 May, 2026 were presented and were confirmed as correct.

4. GOVERNANCE AND AUDIT COMMITTEE ACTION LOG

The report of the Head of Audit and Risk incorporating the committee action log was presented for consideration. The report updated the Committee on the status and progress of the actions and decisions it had agreed upon.

The Head of Audit and Risk updated the committee with regard to item 5 on the log confirming that the Leadership Team has given final approval to the AI Policy. An operational

group has been established to co-ordinate the policy launch with the necessary resources, communications and training. Alignment with the training elements is pending as these depends on external factors.

It was resolved to note the actions detailed in the action log table and to confirm that the committee is content that the actions have been implemented to its satisfaction.

5. INTERNAL AUDIT OF DISABLED FACILITIES GRANTS – PROGRESS UPDATE

The Head of Housing Services gave a verbal update on progress in implementing outstanding actions from the follow-up audit review of Disabled Facilities Grants (DFGs) which had resulted in a Limited assurance opinion. The audit identified four areas requiring improvement: DFG administration and record keeping, accuracy of KPI performance data, duplicate payments and procedures for registering DFG related local land charges.

He reported that a central database of DFG cases has now been established, supported by a dedicated resource for two days per week to maintain accurate records and generate timely performance information. Monthly monitoring meetings with the Service Development Manager and Business Support Manager are in place to ensure effective operation of the database and associated processes. The DFG payment process has been reviewed by the Service Accountant with credit notes issued where appropriate. Work to strengthen DFG related land charge registration procedures is ongoing and the relevant documentation is under review by the Contracts Solicitor.

Regarding KPIs, he noted that targets are challenging. DFG approvals were paused at the end of Q3 2024/25 due to the budget being fully committed, which placed the service at a disadvantage at the start of 2025/26 and created a backlog. Targets for 2026/27 have not been finalised but it is hoped they will reflect the loss of a quarter's activity and the resulting impact on performance.

In response to questions about the core reasons for the underlying issues, the Head of Housing Services explained that the service previously operated with three technical officers and two administrative staff but this has reduced to one technical officer creating an administrative gap that is now being addressed. He confirmed that responsibilities can be absorbed within existing posts, avoiding additional staffing costs. With regard to paused approvals, he explained that approximately 90 days were lost from a 220 day target. While he did not expect the target to be extended by the full amount, meeting the current target will be more challenging as a result. Approvals for applications submitted after Q3 2024/25 could not be issued until 1 April 2025, when the new budget became available, although approvals were then issued without delay. The KPI clock starts when the care plan is transferred to the Housing Service.

In response to a member request, the Director of Function (Resources)/Section 151 Officer explained the capital funding basis for DFGs highlighting the limitations on that funding which in turn limits the number of approvals. The Executive is reviewing the position, and a bid for additional funding in 2026/27 will be submitted to address the backlog. However longer term pressures remain due to increasing demand linked to an ageing population. Members were reminded that performance is influenced not only by process and targets but also by funding levels, contractor availability and the complexity of cases.

The Housing Service continues to strengthen DFG processes, and the Executive will be asked to approve additional funding. The DFG budget will also need review as part of the 2027/28 budget setting process.

Members expressed concern about the delays in delivering DFGs and emphasised the need for sufficient funding and robust processes to support timely delivery. They also acknowledged the complexity of the issues and range of factors involved and requested that the July meeting include a short written update on further progress against the four areas identified for improvement.

It was resolved to note the update and that a further written update will be provided to the committee's July meeting.

6. ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2025/26

The annual report of the Chair of the Governance and Audit Committee for 2025/26 was presented for the committee's endorsement. It outlined how the committee fulfilled its terms of reference during the year. The report also evaluates the committee's own effectiveness and its compliance with CIPFA guidance on the role and functions of an audit committee.

Councillor Euryn Morris, Deputy Chair presented the report highlighting that the committee discharged its core responsibilities across seven meetings, maintaining effective oversight of governance, financial reporting, treasury management, internal and external audit, risk management, counter fraud activity and complaints handling. He confirmed that the committee is satisfied that it effectively fulfilled its remit and provided independent assurance to the Council, while recognising that continued management attention is required in specific areas to sustain and strengthen governance arrangements.

It was resolved to endorse the Annual Report of the Governance and Audit Committee for 2025/26 prior to its submission to the meeting of the County Council on 24 September 2026.

7. INTERNAL AUDIT ANNUAL REPORT 2025/26

The report of the Head of Audit and Risk incorporating the Internal Audit Annual Report for 2025/26 was presented for the committee's consideration. The annual report provides the Head of Audit and Risk's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control during the year.

The Head of Audit and Risk presented the report and confirmed that based on the work carried out during the year and the assurances provided, the Isle of Anglesey County Council has an adequate and effective framework of risk management, governance and control for the year ending 31 March 2026. While there are no 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.

In outlining the basis for this opinion, the Head of Audit and Risk reported that Internal Audit met its key performance target by reviewing 80% of the Council's 11 strategic risks with red or amber residual risk ratings within the planned 24 month period. All but one of these risks received "Reasonable" assurance; the Secondary School ICT Security review received "Limited" assurance, and a follow up is underway. Assurance for one strategic risk relating to the Council's Net Zero goals was provided by an external body.

Of the nine audits of other key areas, one received "Substantial" assurance, five "Reasonable" assurance and three "Limited" assurance. Overall, Internal Audit provided "Reasonable" assurance or above for 73% (72% in 2024/25) of all the audits undertaken, with four audits (27%) receiving "Limited" assurance and none receiving "No" assurance.

The service continued to meet professional standards. The most recent External Quality Assessment in 2023 conducted by Flintshire County Council concluded that the service “Generally Conforms” which is the highest level of conformance. A self-assessment against the new Global Internal Audit Standards in June 2025 confirmed that the service generally meets the new requirements with some strengthening needed around evidence gathering.

Internal Audit performed well against most of its 2025/26 performance indicators with four out of six targets met, including the core target of reviewing 80% of the red and amber residual risks in the Strategic Risk Register.

In response to questions by the committee, the Head of Audit and Risk explained the distinction between an advisory review and a formal audit review. She also clarified that whereas Internal Audit previously carried out compliance checks across services, capacity constraints and a leaner audit team mean this is no longer feasible. Consequently, responsibility for compliance checking now rests with service managers, with most services supported by their own Business Service Manager to undertake this work.

It was resolved –

- **To note the Internal Audit Annual Report for 2025/26 including the Head of Audit and Risk’s opinion that the Council’s governance, risk management and internal control arrangements are adequate and effective.**
- **To note the summary of the work carried out during the year and the assurances provided as a basis for the opinion.**
- **To note the performance of the internal audit function, in particular the level of conformance with the Global Internal Audit Standards in the UK Public Sector.**

8. INTERNAL AUDIT CHARTER

The report of the Head of Audit and Risk incorporating the revised Internal Audit Charter was presented for the committee’s consideration and approval. The Charter set out the purpose, authority and responsibilities of the Council’s Internal Audit service in line with the new Global Internal Audit Standards in the UK Public Sector (GIAS in UK Public Sector) that came into effect in April 2025.

The Head of Audit and Risk presented the report noting that the Charter was last reviewed and approved in June 2025 and ensured the requirements of the new standards were explicitly incorporated. Work to implement the further requirements of GIAS in UK Public Sector has identified the need for a methodology to confirm the implementation of recommendations or action plans, including criteria for determining when follow up assessments should take place.

Internal Audit’s follow up protocol has now been formally documented and included in the Charter at Appendix B. The protocol has also been strengthened following discussion with Members during the committee’s private session on 14 May 2026. Under the revised arrangements, where an internal audit report is presented to the committee and the assurance level remains “Limited” after the first follow-up review, the relevant portfolio holder will be formally requested to attend the committee meeting at which the report is considered. This is intended to reinforce accountability, support timely progress on agreed actions and ensure that the committee has direct oversight of the service’s response concerned. She confirmed that this is the only revision to the Charter approved in June 2025.

A query was raised regarding the follow-up protocol, specifically the provision that actions rated as critical or major which remain unresolved 12 months after their original completion date would require action owners to report to committee on the reasons for the delay. The

committee expressed concern that 12 months is a long period for an action to remain open and questioned whether this timeframe was reasonable or risked giving services a false sense of assurance about how long they have to address issues.

The Head of Audit and Risk explained that some actions require progression through democratic processes, which can take time. She emphasised that Internal Audit wants the committee to focus on the most significant issues, and that reducing the timeframe to 6 months would likely result in the committee reviewing a high volume of uncompleted actions. She also noted that Internal Audit encourages services to set realistic completion dates, as overly short timeframes can lead to repeated visits by Internal Audit when actions are not completed. She confirmed that Internal Audit does proactively chase services before actions fall due.

It was resolved to approve the revised Internal Audit Charter.

9. INTERNAL AUDIT STRATEGY AND PLAN 2026/27

The report of the Head of Audit and Risk incorporating the Internal Audit Strategy and Plan for 2026/2027 was presented for the committee's consideration. The strategy sets out how the internal audit function will provide independent, risk-based assurance to support the Council in achieving its strategic objectives.

The Head of Audit and Risk presented the report noting that the strategy has been developed in line with the new Global Internal Audit Standards (GIAS) and CIPFA requirements and reflects the challenging environment in which the Council continues to operate, particularly ongoing financial pressures. Internal Audit will continue to apply an agile, risk based approach, updating the plan throughout the year as risks and priorities change.

The strategy outlines a vision for a mature, innovative and collaborative internal audit function, supported by three strategic objectives – achieving a fully skilled and qualified team, embedding audit technology and data analytics into audit work and seeking opportunities for collaborating regionally and nationally. She reported that the plan prioritises audits of the Council's strategic risks over a rolling two year period as detailed in Appendix B with a focus on inherent "red" risks and residual "red" or "amber" risks.

She outlined the proposed IT audit work programme to be delivered by Salford Council's IT auditors together with other areas of audit activity that will be continually updated and refreshed, as well as outstanding reviews from 2025/26. The strategy also includes performance measures for 2026/27 with two new indicators covering assurance of Corporate Plan strategic objectives and staff self-assessment against the IIA Competency Framework.

The committee discussed the following matters –

- Members sought clarification of the extent to which the plan can be amended, mindful that the committee cannot direct Internal Audit.

The Head of Audit and Risk explained that CIPFA guidance is clear that audit committees must not direct Internal Audit work, in order to prevent conflicts of interest, for example, an audit committee steering Internal Audit away from politically sensitive areas. She emphasised that the Council's Internal Audit service has a strong working relationship with officers and with the committee, and that through an agile approach, Internal Audit can adjust the plan to accommodate requests for review where specific issues arise.

- Whether allergens is an issue in Anglesey's schools, noting that the matter is the subject of an audit deferred from 2025/26. The Head of Audit and Risk explained that an incident in a neighbouring authority had highlighted weaknesses in how school meal provision considered allergens, and that the North and Mid-Wales Audit Partnership had also examined the issue. She confirmed that the situation in Anglesey is different as school meal provision is outsourced.

The committee further enquired about the impact on internal audit resources of this and potential other requirements under the new standards.

The Head of Internal Audit explained that because the service was already operating in a modern way, the introduction of the GIAS did not have major impact on its work, other than requiring a stronger evidence base to support its activity. She noted that the service is seeking to meet this requirement in a smart way to avoid unnecessary administrative burden. While no further major overhaul of the standards is expected for some time, topical requirements are being introduced for specific areas e.g. in relation to cyber security and the internal audit service is able to draw on Salford Council's specialist IT audit expertise in this area.

In response to a question about whether constraints on Salford Council's IT audit capacity could affect the Council's Internal Audit plans or present a risk, the Head of Audit and Risk advised that the Salford Council IT audit team is large, serves multiple clients and operates almost as a semi-professional unit. It is able to absorb staff absences and she therefore did not consider this a risk. She added that the market for IT audit providers is limited and external providers are often expensive whereas as a local authority, Salford Council's IT audit service is cost-effective.

- Under Strategic Objective 2, members asked about the use of data analytics in audits and how this is measured.

The Head of Audit and Risk explained that the service now has software enabling it to examine large volumes of data quickly, and that internal audit practice is moving away from sampling to reach broad conclusions about subject areas. While data analytics cannot be applied to every audit, the service intends to expand its use with progress measured by the number of audits undertaken in the year and how many of those utilised data analytics.

It was resolved –

- **To approve the risk based Internal Audit Strategy and Plan for 2026/27 as providing the Council with the assurance it needs.**
- **To confirm that the committee is content with Internal Audit's resources requirements and the use of other sources of assurance and that there are no inappropriate scope or resource limitations.**
- **To approve the Internal Audit performance measures as set out in the strategy and plan.**

10. PANEL PERFORMANCE ASSESSMENT

The report of the Chief Executive incorporating the Panel Performance Assessment report was presented for the committee's consideration. The peer assessment required by the Local Government and Elections Wales Act 2021, took place in November 2025, was facilitated by the Welsh Local Government Association and was conducted by a panel of four. It looked at how effectively the council exercises its functions, uses resources and governs itself.

The Chief Executive presented the report highlighting that the panel performance assessment found the Council is exercising its functions in line with the performance duties set out in the Local Government and Elections Act 2021, despite financial and workforce pressures. The assessment confirmed that the Council demonstrates sound governance, constructive member-officer relationships and a clear improvement journey since 2018. The assessment also notes partnership working, particularly with the voluntary sector, as a particular strength of the Council along with a committed and engaged workforce. The Panel concludes that Anglesey is in a strong position to build on its progress and respond effectively to the challenges ahead.

The Chief Executive stated that the independent panel assessment is a source of pride and provides assurance that the Council is on the right track. The Council's draft response, set out in section 4 aligns with WLGA expectations and outlines actions to address the eight recommendations, which will be embedded into and monitored through the Annual Delivery Document and Service Delivery Plans. Further information will be added following presentation of the assessment to the Executive and the work will be integrated into the Council's wider programme during the period leading up to the local government election in May 2027. It will then feed into and be mainstreamed within the new Council Plan driving improvement over the next five years.

The committee raised the following matters on the Panel Performance Assessment report -

- The committee sought an update on recommendation 4 which advises the Council to accelerate its capacity and resilience in delivering projects, noting that the target completion date is July 2026.

The Chief Executive confirmed that a review of governance arrangements is underway and is expected to be completed by the end of July 2026.

- The committee noted the Panel's recommendation that the Council develop an aspirational economic strategy to respond to major opportunities such as Wylfa SMR. The committee asked whether the Council has the specialist technical capacity and dedicated resources to shape such a strategy internally, given the complexity of the nuclear industry.

The Chief Executive clarified the Council's role as the host community and local planning authority for Wylfa SMR, which is driven by the statutory planning process and does not extend to safety or technical matters. He explained that although the Council does not have dedicated internal capacity, the Planning Performance Agreement (PPA) with the developer – which is about to be signed off - provides a mechanism for resourcing the work. Through this agreement, the developer funds the Council's handling of the application, protecting core service delivery while enabling the Council to increase capacity and capability without putting the cost onto ratepayers. A budget has been allocated for 2026/27, and the Council will submit work packages to release this funding and begin building capacity. As the project progresses, the scale of the PPA is likely to increase.

- The committee asked for clarification of the Council's response to the recommendation that it considers establishing a dedicated Economy Scrutiny Panel.

The Chief Executive explained that Scrutiny is already operating at the limits of its capacity in administering two committees and three panels. Establishing an additional panel would require scaling back activity elsewhere or securing extra capacity at

additional cost. He noted that a wider programme is reviewing Scrutiny, and the recommendation will be considered as part of that work. Members' input will be sought to inform a report setting out proposals for the Scrutiny arrangements that the new Council will determine after the election in May 2027.

- The committee sought assurance on how addressing the actions in the work plan would sit with day-to-day operational activities.

The Chief Executive explained that there is a commitment to prioritise the actions, several of which were already under consideration. By integrating them into strategic planning rather than treating them as standalone projects, they will become part of the Council's operating framework and will drive ongoing improvement. He noted that some actions represent substantial pieces of work and will require monitoring to ensure they do not lead to slippage elsewhere. A member of the Leadership Team will support each action with updates provided to one of the Council's corporate boards, to the Executive informally and to the relevant portfolio holders. The Council will seek external input where necessary e.g. in relation to developing an economic strategy and in relation to modernisation which is a broad and complex area requiring careful consideration.

- The committee asked whether weaknesses were considered to exist in the Council's internal and external communication processes noting that this area had been highlighted in the assessment.

The Chief Executive clarified that the assessment found that the Council's communication processes could be strengthened, particularly in being more proactive in communicating its achievements, challenges and future ambitions, and adopting a more varied approach including increased face to face engagement and greater use of social media. The Council has a small communications team undertaking a significant volume of work. Recent improvements include the introduction of the internal "story of the day" for staff and the development of a draft communications strategy. The Council will also consider how best to use social media channels while ensuring that communication reaches all residents.

Having reviewed the panel performance assessment report, the committee welcomed the report for its positivity and areas of praise. Members noted that they looked forward to receiving updates on progress. The Chief Executive confirmed that he would be happy to report back, in line with the committee's work programme and timetable, on progress against the work plan either in its entirety or on individual elements.

It was resolved to note the Panel Performance Assessment Report and to endorse the Council's action plan in response.

11. REVIEW OF FORWARD WORK PROGRAMME 2026/27

The report of the Head of Audit and Risk incorporating the committee's Forward Work Programme for 2026/27 updated to reflect the most recent changes, was presented for the committee's consideration. A members' development programme was included at Appendix B.

The Head of Audit and Risk informed members of two upcoming training sessions in relation to the Statement of the Accounts scheduled for 25 August and 10 September 2026.

In response to a member query about whether it would be feasible for the committee in its oversight role for systems and processes, to request a report from the Council's Local Development Plan team on the development of the new plan for Anglesey, the committee

was advised that if the development of the LDP had been identified as a strategic risk it would be reviewed by internal audit. Otherwise, oversight of the plan sits with the Planning Policy Committee, unless weaknesses in the processes underpinning the LDP's development created a risk of challenge, in which case it could become a matter for this committee.

It was resolved to confirm the Forward Work Programme for 2026/27 as meeting the committee's responsibilities in accordance with its terms of reference.

**Dr Geraint Jones
(Chair)**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2026
Subject:	Governance and Audit Committee Action Log
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: This report informs the members of the Governance and Audit Committee about the status of the actions / decisions it has agreed upon.	

1. Introduction

- 1.1. This action log is updated prior to each meeting to enable the committee to monitor the progress and completion of the actions/decisions it has agreed upon.

2. Recommendation

- 2.1. That the Governance and Audit Committee notes the actions detailed in the following table and is content that the actions have been implemented to its satisfaction.

Governance and Audit Committee Action Log

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
24	08/05/25	9	The Director of Function (Resources)/Section 151 Officer to raise the issue of policy guidance on AI usage within the council with the Leadership Team.	Director of Function (Resources) / Section 151 Officer	A policy has been drafted, and recently updated following comments made by the Data Protection Officer. Leadership Team will consider and adopt when they can allocate a slot.	In progress.
	26/06/25	4			UPDATE: Leadership Team considered the draft policy at its meeting of 17/06/25 and have asked for it to be further reviewed.	
	03/02/26	3			UPDATE: Director of Function (Resources) / Section 151 Officer explained that following comments received on the draft policy, it has been decided to divide the original document into two separate policies – one covering the general use of AI (e.g. for queries) and another addressing the use of AI within the council's formal systems and processes. The Interim Data Protection Officer and Information Governance Manager have reviewed both policies, which will be considered again by the Leadership Team at its meeting on 9 February 2026.	
	14/05/26	5			UPDATE: The Leadership Team accepted the AI policy on 15/04/26 subject to minor amendments. Once final approval is received, arrangements have been made for the policy to be launched via the council's policy portal, where staff are required to read and accept mandatory policies. The IT Team will launch along with guidance on using AI.	

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
	25/06/26	4			UPDATE: Leadership Team has granted final approval of the policy. An operational group has been established, consisting of representation from the Digital team, Performance and Modernisation team, Welsh Language and Policy team, Communications, and HR (including Training) in order to align the policy launch with relevant resources, communications and training. Currently awaiting alignment with the training elements, which are dependent on external factors.	
29	30/09/25	5	The Chief Public Protection Officer to bring the completed three-year Corporate Health and Safety strategic plan, incorporating SMART actions, to a future meeting of the committee.	Chief Public Protection Officer	Presented to 16 July 2026 meeting.	Complete

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
33	04/12/25	8	The committee agreed that the Secondary Schools ICT Security (Limited Assurance) report and action plan be considered in detail at the July 2026 meeting following Internal Audit's progress review and requested that the Council's Chief Digital Officer attend.	Head of Audit and Risk / Chief Digital Officer	Presented to 16 July 2026 meeting.	Complete
34	14/05/26	8	Head of Internal Audit to ask the Head of Housing Services to update the committee's June and July meetings on progress in completing the remaining DFG related actions.	Head of Audit and Risk / Head of Housing	Presented to June and July meetings.	Complete

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	16 July 2026
Subject	Internal Audit of Disabled Facilities Grants – Progress Update
Head of Service	Ned Michael Head of Housing Services
Report Author	Elliw Llŷr Service Manager – Housing Strategy
Nature and Reason for Reporting Provide an update on actions since the 25th June meeting	

1. INTRODUCTION

The purpose of this report is to provide an update and assurance that internal audit issues are being addressed appropriately and in a timely manner with the following issues implemented:

Risk:

A lack of scrutiny and management oversight in this area poses a risk of financial loss to the council through error or fraudulent activity going undetected, inaccurate performance reporting as well as business continuity risks associated with the Senior Technical Officer's DFG role. The absence of robust record keeping, and administration of DFG records could result in errors in financial and performance reporting, inaccurate budgeting, and duplicate and over or underpayments to contractors. Such weaknesses also pose auditing and compliance challenges and can lead to poor analysis and ineffective decision making.

We have now filled the role of Administrative Support for the DFG process (2 days a week) to work with our Technical Officer and as part of duties the Administrative Assistant will:-

1. Team Inbox – regularly check the team e-mails
2. Send Care plans to Care and Repair
3. Check the Land Registry to see if the owner's name matches.
4. Update the Excel spreadsheet with the client's details from the care plan

1. Care and Repair liaise with clients, prepare specification for work, administer the tendering process and appoint a contractor.
2. Care and Repair send details of appointed contractor then a PRD (Order) is duly raised and approved on Civica.
3. Provide admin support in sending appropriate information to the Legal Service
4. Preparing a monitoring report at the end of each month
5. Prepare agenda and paperwork and take minutes for Complex Adjustments Panel meetings.
6. Check that the database is up-to-date and that PIs are up-to-date

Our Database records the following information:-

1. Personal information
2. Number of Open Cases
3. Number of Care Plans Received / Approved / Completed
4. Type of Adaptions
5. Number of Open Days
6. Total Cost of Works Contract
7. Contractor
8. Agent fees
9. Tenure
10. Land Registry Reference
11. Date of approval by Housing Services

Management Supervision

Officer and Line Manager meet monthly to discuss and monitor cases

Financial information received from Finance monthly is monitored

Quarterly Management Reports for Housing Strategy meetings agreed for the year

Risk:

Current arrangements to resolve, recover and account for duplicate and overpayment of DFGs are insufficient and pose a risk of further non-compliance with financial procedure rules.

There is a risk of financial accounting inaccuracy, performance reporting issues, financial losses, and reputational damage.

An audit review identified a contractor overpayment to the value of £775. The contractor has subsequently netted the overpaid amount against a later invoice, and the adjustment has been verified by officers. As a result, there is no outstanding financial impact to the Council. The matter has been referred back to Internal Audit for their opinion on the adequacy of the recovery approach and closure of the finding.

Risk

The absence of robust procedures for timely registration and effective enforcement of applicable DFG-related local land charges poses a financial risk to the Council.

Administrative Role will assist and provide oversight of Legal Charges/ Restrictions with regular reporting on cases on a monthly basis. Also, internal checks have been carried out to ensure that Legal Charges/Restrictions are adequate and that agreement signed by the client are sufficient to protect the Council's interest in the adapted property until all costs are recovered in situations where an adapted property is sold in the future.

A revised wording has been received by the Solicitor in Legal Section for inclusion in the pre-approval letter which states clearly that should costs increase due to unforeseen works that that this would be added to the charge with consent of the client. Should consent not be given by the client this may result in incomplete works.

This will be included in existing cases awaiting pre-approval letters and cases going forward with charges.

2.0 RECOMMENDATION

2.1 That the Governance and Audit Committee note the progress

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2026
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
Nature and Reason for Reporting: The Governance and Audit Committee's terms of reference has an explicit requirement for the committee to oversee the council's internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1) The committee is required to consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It is required to consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions. (3.4.8.10.10) This report fulfils the requirements of the Global Internal Audit Standards (UK public sector) consisting of the Global Internal Audit Standards (GIAS) of the IIA, the Application Note: Global Internal Audit Standards in the UK public sector and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. It is also consistent with the recommended practices for the oversight of internal audit as determined in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022.	

1. Introduction

- 1.1 Standard 11.3 of the Global Internal Audit Standards (GIAS) requires the chief audit executive to communicate the results of internal audit services to the board and senior management periodically and for each engagement. In addition, Standard 15.1 requires the chief audit executive to disseminate the final communication to parties who can ensure that the results are given due consideration.
- 1.2 This report updates the committee, as of 30 June 2026, on the audits completed since the last update as of 28 April 2026, 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 considers:
 - the outcome of Internal Audit's engagements,
 - the assurance provided and
 - our priorities going forward.

Internal Audit Update

July 2026

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Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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Summary of Assurance Work Completed Since Last Update

This section provides an overview of assurance reports finalised since the meeting in May 2026, including the overall assurance rating and the number of ‘issues/risks/opportunities’ raised.

We have finalised **five** pieces of work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
School Fund Certificates	Reasonable	0	0	4
Early Education and Childcare Grant Programmes (First Follow Up)	Reasonable	0	1	5
Secondary Schools ICT Security (First Follow Up)	Reasonable	0	1	6
Managing the Strategic Risk: Safeguarding (Supply Teachers)	Limited	0	5	1
Financial Systems: Creditors	Limited	0	5	1

School Fund Certificates

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	4	Moderate

Our review sought to answer the following key question:

Does the council have effective arrangements in place to obtain adequate assurance that ‘unofficial’ school funds are effectively managed?

The review provides reasonable assurance that the council has effective arrangements to obtain adequate assurance over the management of ‘unofficial’ school funds. The overall outcome is positive, with an established control framework in place and evidence that most school funds are subject to annual audit and that certificates are generally financially accurate.

The council has guidance, certificate templates, auditor checklists and regular training for headteachers and governors. Recent centralised SharePoint storage has also improved resilience, accessibility and continuity. However, the review identified low-level non-compliance in some schools, including incomplete certificate records, use of outdated formats, missing signatures, inconsistent auditor checklist use and recurring inappropriate expenditure.

While individual issues are not significant in isolation, their cumulative impact reduces assurance and increases the risk of poor financial practice, misuse of funds or fraud. These issues are linked to unclear roles and responsibilities within the Learning Service, significant staffing changes and the absence of formal process notes for business continuity.

Four moderate Issues/Risks/Opportunities have been raised and agreed with management.

Early Education and Childcare Grant Programmes (First Follow Up)

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	1	Major
	5	Moderate

Our review sought to answer the following key question:

Has management addressed the ‘Issues / Risks / Opportunities’ raised in our report on Early Education and Childcare Grant Programmes, issued in March 2025, which provided Reasonable Assurance on the governance, risk management and internal control of the area?

The follow-up review concludes that the council has made reasonable progress in addressing the issues identified in the March 2025 audit of the Early Education and Childcare Grant Programmes. The assurance rating remains Reasonable, reflecting improvements in governance and control arrangements, including updated tendering documentation, a communications plan, progress with expansion plans, and strengthened staffing capacity.

One major and five moderate issues remain open. The most significant outstanding matter is the need to widen access to the Early Years Education element of the grant so that all eligible CIW-registered non-maintained childcare providers can participate, in line with Welsh Government requirements. Work is underway to review and standardise this process. Further progress is also required on IT arrangements and the completion of impact assessments following Welsh Government consultation.

Overall, arrangements for managing the risks associated with the programme have improved since the initial review. However, continued monitoring is required to ensure the remaining actions are completed, risks are addressed, and the programme continues to meet Welsh Government expectations.

Secondary Schools ICT Security (First Follow Up)

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	1	Major
	6	Moderate

Our review sought to answer the following key question:

Has management addressed the ‘Issues / Risks / Opportunities’ raised in our report, issued in November 2025, which provided Limited Assurance on the governance, risk management and internal control of the area?

This first follow-up review of Secondary Schools ICT Security confirms that management has made positive progress in addressing the issues, risks and opportunities identified in the November 2025 audit, which originally provided Limited Assurance. The follow-up work found that governance, infrastructure and security controls have strengthened, enabling the assurance rating to be increased to **Reasonable Assurance**.

Four previously identified issues have been addressed, and action taken has reduced three major risks to moderate. Improvements include progress with enhanced web filtering and safeguarding reporting, software licensing checks, cyber incident response and business continuity planning, patch management arrangements, and strengthened controls over server rooms and ICT equipment disposal.

One major and six moderate issues remain in progress. Key outstanding actions include completing cyber incident response training, finalising the Service Level Agreement, continuing the Microsoft Intune migration, implementing administrator access restrictions, implementing the password policy changes and reviewing UPS arrangements. These actions will continue to be monitored through the internal audit monitoring process.

Managing the Strategic Risk: Safeguarding (Supply Teachers)

Limited Assurance	Issues / Risks / Opportunities	
	0	Critical
	5	Major
	1	Moderate

Our review sought to answer the following key question:

Are the council’s arrangements effective in ensuring that relief teachers are recruited safely and comply with safeguarding legislation?

While key safeguarding practices were evident across the sample schools, including signposting to Designated Safeguarding Leads, school sign-in arrangements and appropriate responses to identified incidents, the review found that the overall control environment is not operating consistently enough to provide robust assurance.

Limited Assurance has therefore been provided. The main areas requiring improvement relate to inconsistent safer-recruitment renewal checks, limited evidence of supply-teacher induction and safeguarding briefings, and the need for clearer ownership and escalation arrangements where concerns involve supply staff working across multiple settings. Sample testing identified two cases where DBS and EWC renewals had not been completed, reinforcing the need for reliable central tracking, particularly as the ‘Teacher Booker’ pilot is due to end in July 2026.

Six Issues / Risks have been raised, comprising five major and one moderate issue. Management has agreed an action plan, with most actions expected to be addressed by September 2026 and the remaining action by November 2026. Given the cross-service implications for schools, the Learning Service, HR and Social Services, progress will be monitored by senior leadership and a follow up review reported to the Governance and Audit Committee in February 2027.

Financial Systems: Creditors

Our review sought to answer the following key question:

Does the council have effective arrangements in place to ensure that the payments it makes for goods and services to its suppliers are legitimate, accurate, timely and supported by appropriate documentation?

The whole council has a role in ensuring that payments for goods and services supplied to the council are legitimate, accurate, timely and supported by appropriate documentation. It is the responsibility of **services** to perform due diligence to ensure the council is transacting with a fit and proper organisation/individual, complete the supplier set up request and create a purchase order as specified in the Procurement Handbook, the forefront of a strong creditors process. The **Section 151 Officer** must ensure the framework, systems, and oversight are strong enough to guarantee the integrity of all payments. The **Payroll and Payments team** are a transactional team processing supplier setup, invoices, credit notes and creditor payments.

Due to the significant variance in assurance for each area these have been separated:

Services – Compliance

Limited Assurance	Issues / Risks / Opportunities	
	0	Critical
	1	Major
	0	Moderate

Section 151 Officer – Policy

Limited Assurance	Issues / Risks / Opportunities	
	0	Critical
	4	Major
	0	Moderate

Payroll and Payments Team – Processing

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	1	Moderate

Overall, the audit identified weaknesses in the creditors process that expose the council to risks of payment error, fraud, and inefficiency.

The most significant concerns relate to non-compliance by services with supplier set-up, approval of spend and the correct route to payment, alongside insufficient and outdated guidance for non-financial users. These weaknesses have resulted in five major issues across service compliance and policy.

The Payroll and Payments team’s core processing controls are operating more effectively, with good segregation of duties and generally timely payments, although aged creditor reporting and unresolved credit notes require improvement.

Six Issues / Risks / Opportunities have been raised in total, requiring management action and whole-council engagement. Management has agreed an action plan to address the findings by June 2027. A follow-up review is proposed for December 2026 to assess progress against the agreed actions, which will be reported to the Governance and Audit Committee in February 2027.

Work in Progress

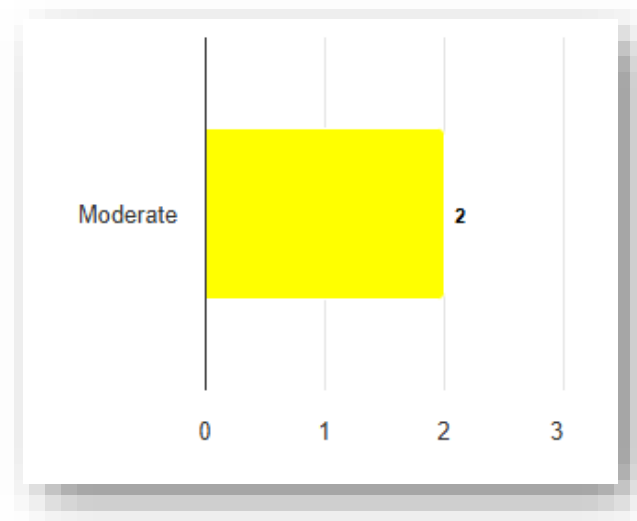
The following pieces of work are currently in progress:

Area	Reason for Audit	Stage
IT Audit: Strategic IT Asset Management	Strategic Risk Register (YM3)	Scoping
Regulation and Economic	Investigation – requested by Director of Function (Resources) / Section 151 Officer	Fieldwork
Primary School Fund Irregularities	Investigation - requested by Head Teacher	Draft report
Adult Social Care Finance: Financial Assessments – Residential and Nursing Care	First Follow Up	Draft report
Financial Management in Schools	IA Strategic Priority 2025-26	Fieldwork
Construction Industry Tax Scheme	IA Strategic Priority 2026-27	Fieldwork
Council-owned tree management strategy	IA Strategic Priority 2026-27	Fieldwork
Safeguarding in School Transportation	Requested by Service Manager (Safeguarding and Practice Quality)	Scoping
Homelessness and the use of temporary accommodation	IA Strategic Priority 2026-27	Scoping

Outstanding Actions

Work is progressing to support services with addressing all 'Issues / Risks / Opportunities' raised and implementing all outstanding actions.

As at 30/06/26, there are currently two 'moderate' actions that have reached their target date for completion which have become 'overdue'.



These actions relate to two separate audits:

- **Direct Debit Processes** - Income, Leisure and Social Services do not offer a 'Paperless Direct Debit' set-up process. No progress has been made in Income and Social Services, but Leisure is due to go live at the end of June 2026.
- **Counter Fraud controls within Revenues refunds** –there is an increased risk of fraud as a refund payment can be processed even if the payee name on the refund system does not match the refund recipient's bank account payee name. This risk is exacerbated by the number of outstanding dormant credit balances. Work is progressing to address with our supplier, Bottomline.

Priorities

Short/Medium Term Priorities

Our current workload can be seen in [Work in Progress](#) detailed earlier in this report. Delivery of the Internal Audit Strategy for 2026-27 is progressing well.

Work continues with the Counter Fraud, Bribery and Corruption Strategy 2025-2028.

Longer Term Priorities

Implementation of the requirements of the new Global Internal Audit Standards in the UK Public Sector continues.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has launched its Conformance Assessment Toolkit, which embeds the Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government alongside the Global Internal Audit Standards (GIAS).

Although we undertook a gap analysis when the Standards commenced, which we reported to the committee in July 2025, during 2026-27 we will complete the conformance-assessment so that the council can be confident that we are conforming with GIAS in the UK Public Sector.

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	16 JULY 2026
SUBJECT:	ANNUAL TREASURY MANAGEMENT REVIEW FOR 2025/26
PORTFOLIO HOLDER(S):	CLLR ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER - FINANCE & CORPORATE BUSINESS & CUSTOMER EXPERIENCE
LEAD OFFICER(S):	R MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
CONTACT OFFICER(S):	JEMMA ROBINSON
Nature and reason for reporting To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2025/26 (Appendix 10 of the Treasury Management Strategy Statement 2025/26). In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this Committee.	

1. COMPLIANCE WITH REPORTING REQUIREMENTS

- 1.1. Under the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), a number of reports are required to be presented to the Governance & Audit Committee, the Executive and the full Council during the year. The details of these reports are summarised in Table 1 below:-

Table 1
Summary of Treasury Management Reports presented to Committees and full Council

Report	Governance & Audit Committee	Executive	Full Council
Annual Treasury Management Strategy 2025/26	11 February 2025	27 February 2025	6 March 2025
Treasury Update Report Quarter 1 2025/26	Delegated to Portfolio Holder – Issued 1 October 2025		
Mid Year Treasury Update Report 2025/26	4 December 2025	16 December 2025	5 March 2026
Treasury Update Report Quarter 3 2025/26	Delegated to Portfolio Holder – Issued 19 February 2026		
Annual Review Report 2025/26	16 July 2026	21 July 2026	24 September 2026

2. REVIEW OF 2025/26 – EXTERNAL FACTORS

- 2.1. A number of factors influence the Council's Treasury Management activities which are outside the Council's control but have a major impact on the Council's borrowing and investment decisions.

2.2. Interest Rates

The level of interest rates at the time decisions are taken and the future trajectory for rates has a significant impact on treasury management decisions and can influence if the Council borrows externally, the length of any borrowing, when the Council ties into longer term investments and where the Council invests its surplus cash.

At the commencement of 2025/26, the Bank of England base rate stood at 4.5% but, as inflation fell and the economy slowed, the rate was reduced by 0.25% in May 2025, August 2025 and December 2025 and, at the end of the financial year, it stood at 3.75%.

Further cuts in the base rate were anticipated during the remainder of 2026, with rates expected to fall to around 3% by late 2026 or early 2027. However, the war in the Middle East has led to an increase in gilt rates and upward pressure on inflation. This will delay any further reductions in base rates until such time that the situation becomes clearer, or the war ends and oil prices reduce back towards pre-war levels.

2.3. The UK Economy

The UK economy is still operating within major global events which are impacting the global economy, which include the continuing war in Ukraine and the need to increase expenditure on defence, the war in the Middle East and the implementation of trade tariffs by the United States, all of which have the potential to slow down the world economy and increase in oil and energy prices which will drive up inflation.

UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5%, the CPI (Consumer Price Index) measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation move back towards 4% later this year.

There has been an increase in net tax revenues, mainly from self employment incomes and capital gains tax, and this has increased the Chancellor's headroom. However, the possibility of higher inflation and higher interest rates will slow economic growth and will increase the Government's debt repayments. This will reduce the Chancellor's headroom and may result in an increase in public borrowing.

Unemployment has started to rise and this, along with falling inflation during 2025, has reduced wage growth, with average earnings increasing by 3.3% in January 2026.

UK economic growth remains weak, with GDP (Gross Domestic Produce) increasing by 1.4% in 2025, which is 0.3% higher than the previous year, but is expected to slow again in 2026, with growth lower than 1%. The latest forecast for 2026 is 0.7%, which has been revised down from 1.2% following the start of the war in the Middle East.

3. CAPITAL EXPENDITURE 2025/26

3.1. Capital expenditure has a significant impact on the Council's treasury management activity. Capital expenditure can be financed:-

- immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions, etc.), which has no resultant impact on the Council's borrowing need; or

- from borrowing: If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

3.2. Table 2 below compares the draft capital expenditure for 2025/26 with the original and revised budgets:-

Table 2
Capital Expenditure 2025/26

	2025/26 Original Budget £'m	2025/26 Revised Budget £'m	2025/26 Actual £'m
General Fund	25.929	43.735	29.548
HRA (Housing Revenue Account)	20.894	26.914	25.114
Total Capital Expenditure	46.823	70.649	54.662
Financed By			
General Fund Grants, Reserves and Revenue Contributions	20.655	35.463	24.702
HRA Grants and Revenue Contributions	9.319	21.852	25.114
General Fund Borrowing	5.274	8.272	4.846
HRA Borrowing	11.575	5.062	0.000
Total Funding	46.823	70.649	54.662
Total Expenditure Funded from Borrowing	16.849	11.291	4.846

3.3. The main areas of variances in the capital expenditure (over £500k) are set out in Table 3 below:-

Table 3
Capital Expenditure Variances 2025/26

Scheme	Underspend £'000	Comments
HRA Capital Improvements	1,800	For further information on the HRA capital expenditure, please refer to the HRA Outturn report, presented to this Committee on 21 July 2026.
School and Council Building Refurbishments, including disabled adaptations	1,107	Underspends on these budgets were expected due to the award of additional grant funding in the year. Welsh Government's (WG) Additional Learning Needs (ALN) Grant was used to fund works to enable Disabled Access in Education Buildings for 2025/26. It is expected that the pressure on this budget heading will increase in future as results of access audits will provide a fuller picture of the works required. The Education buildings capital budget underspend was a consequence of grant award of Capital Repairs and Maintenance Grant 2025/26. There is a conscious decision not to try to push the spend out hurriedly and, rather, to displace it against committed expenditure and carry over to a measured 2026/27 programme.

Scheme	Underspend £'000	Comments
Crown Site redevelopment	731	£936k of grant funding was awarded, covering the period December 2025 to March 2027, therefore, the grant spans the next financial year also. Progress has been made on the scheme and is in line with the spending profile. £816k slippage has already been approved in the 2026/27 budget paper, with only £731k now required. Grant funding will be carried forward to the 2026/27 financial year.
Holyhead UK Government Regeneration Programme	3,295	Significant underspend was likely due to significant delays being faced within the overall programme delivery. However, an extension to the expenditure deadline has been granted by the Government which should allow the projects to be completed with no loss of funding.
Council Buildings Low Carbon Heat Replacement Programme	1,780	£729k of this underspend is simply 5% retention that we have claimed on the projects to date, being held to be released after successful completion of the projects. The remaining underspend has arisen from a variation request to WG across three of the projects for additional works that have since not been able to complete within the 2026/27 financial year, or have come in under budget. The Energy service has been made aware of the progress of the schemes, with it being anticipated to carry the funding forward to 2026/27 to complete the works.
Transforming Towns - Amlwch Marine Terminal	507	£920k of grant funding was awarded, covering the period September 2025 to March 2027, therefore, the grant spans the next financial year also. Progress has been made on the scheme and is in line with the spending profile. £480k slippage has already been approved in the 2026/27 budget paper, with an additional £27k now required. Grant funding will be carried forward to 2026/27.
Transforming Towns - Place Making Grant	489	A total of £952k of grant funding was awarded, covering the period September 2025 to March 2027, therefore, the grant spans the next financial year also. Progress has been made on the scheme, with £301k slippage having already been approved in the 2026/27 budget paper, with an additional £188k now required. Grant funding will be carried forward to 2026/27.
Waste Projects	1,237	Significant slippage was already anticipated throughout the 2025/26 financial year, due to the service focusing on priority items. £816k slippage has already been approved previously, with an additional £421k now required.
Property schemes (including Plas Arthur)	1,227	As reported in previous quarters, significant underspend on property schemes were anticipated. Improvement works at Plas Arthur faced a significant underspend due to prioritising grant funding to contribute to the works. This funding was prioritised and utilised in full this financial year, with the underspend to be carried forward to 2026/27 to continue the works. Other specific budgets were not utilised due to the service prioritising more pressing matters. £1,529k slippage was already approved in the 2026/27 budget paper in relation to these schemes, with a reduction of £176k now required.

Scheme	Underspend £'000	Comments
Other Projects	3,814	
Total Underspend 2025/26	15,986	

4. IMPACT ON COUNCIL'S FINANCIAL POSITION

4.1. The Council's expenditure on capital and how it is financed impacts on the Council's financial position in respect of the following:-

- Capital Financing Requirement (CFR) – this is the measure of the Council's underlying need to borrow, i.e. the sum of capital expenditure which has not been financed through grants, revenue contributions or reserves;
- Level of borrowing;
- The balance between borrowing that is external and borrowing which is funded from the Council's own cash balances (internal borrowing);
- The Council's own reserves and provisions.

4.2. Capital Financing Requirement

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

Table 4
Capital Financing Requirement and External Borrowing

	Budget £'000	Actual £'000	Variance £'000
Capital Financing Requirement			
Opening Balance	152,389	152,389	-
Capital Expenditure	46,823	54,662	7,839
Right of Use Assets (leases) brought onto Balance Sheet	1,275	1,275	-
Funding from Grants, Balances and Revenue	(29,974)	(49,816)	(19,842)
Minimum Revenue Provision (MRP)	(1,534)	(1,534)	-
Minimum Revenue Provision – Right of Use Assets	(424)	(424)	-
Closing Balance	168,555	156,552	(12,003)

4.3. Debt Repayments

During 2025/26, annual repayments on PWLB annuity loans, totalling £20k, and zero interest Salix loans, totalling £356k, were made. No fixed maturity PWLB loans were repaid in the year.

A total of £5.643m of interest payments were made in respect of PWLB loans.

4.4. Internal and External Borrowing

When cash balances are sufficient and when investment rates are lower than long term borrowing costs, the Council has followed a policy of internal borrowing, where cash balances are used to fund capital expenditure or fund the repayment of existing loans, rather than borrowing externally. This policy maximises the savings possible. The level of internal borrowing is the difference between the CFR and the outstanding balance of external loans. This is summarised in Table 5 below:-

Table 5
External and Internal Borrowing

	Budget £'000	Actual £'000	Variance £'000
External Borrowing			
Opening Balance	122,082	122,082	-
New Borrowing	16,849	-	(16,849)
Loan Repayments	(376)	(376)	-
Closing Balance	138,555	121,706	(16,849)
A breakdown of the outstanding balance by loan repayment year, by outstanding loan balance per year, by loan type and by Fund is attached as Appendix 1 to 4			
Internal Borrowing			
Opening Balance	30,307	30,307	-
New Borrowing to Replace Internal Borrowing	(26,849)	-	26,849
New Borrowing to Fund Loan Repayments	-	-	-
New Borrowing to Fund Capital Expenditure	16,849	4,846	(12,003)
Loan Repayments in Year	376	376	-
Right of Use Assets (leases) brought onto Balance Sheet	1,275	1,275	-
Minimum Revenue Provision (MRP)	(1,534)	(1,534)	-
Minimum Revenue Provision Right of Use Assets	(424)	(424)	-
Closing Balance	20,000	34,846	14,846

- 4.5. The average length to maturity of the existing loans and the average rate of the loans are shown in Table 6 below:-

Table 6
Average Length to Maturity and Average Interest Rate of Outstanding Loans

	31 March 2026		31 March 2025	
	Average Years to Maturity	Average Interest Rate	Average Years to Maturity	Average Interest Rate
PWLB Maturity	18.21 Years	4.47%	19.21 Years	4.47%
PWLB Annuity	4.37 Years	10.87%	5.37 Years	10.57%
Salix	3.67 Years	0.00%	3.63 Years	0.00%

5. INVESTMENTS

- 5.1. At any one time, the Council holds surplus cash which comprises of the Council's general balances, earmarked reserves, school balances, HRA reserves, provisions and useable capital receipts, less the level of capital expenditure that is funded through internal borrowing. During the year, the amount available to invest changes as capital expenditure is incurred and through the normal daily movement in cash balances.
- 5.2. The invested funds at the start and end of the financial year are shown in Table 7 below:-

Table 7
Invested Funds at Beginning and End of Financial Year

	Opening Balance 1 April 2025 £	Closing Balance 31 March 2026 £
Fixed Term Bank Investments	7,000,000	0
Local Authority Investments	0	0
Call & Deposit Accounts	5,961,425	19,786,350
Current Account	257,026	198,055
Total Invested Funds	13,218,451	19,984,405

- 5.3. An analysis of the investments by quarter and by counterparty is attached in Appendix 5 and 6.
- 5.4. The average balance invested in 2025/26 in fixed term investments was £10.13m, with an average rate of return of 4.48%. This compares to an average investment of £14.59m in 2024/25, with an average return of 5.05%.
- 5.5. The average balance held in call accounts in 2025/26 was £20.624m, with an average return of 2.83%. This compares to an average balance of £22.175m in 2024/25, with an average return of 3.88%.
- 5.6. The investments through fixed term investments, call accounts and current accounts generated £1.006m in interest. After allowing for the transfer of interest to bond holders and minor trusts, the investments generated £705k of interest for the general fund, compared to a budget of £450k, £157k for the HRA, compared to a budget of £138k, and £144k for schools.

6. COMPLIANCE WITH THE TREASURY MANAGEMENT STRATEGY STATEMENT

- 6.1. The Annual Treasury Management Strategy Statement (TMSS) for 2025/26 was approved by the Council on 6 March 2025 and it set out a number of principles. How the Council has performed against these principles is detailed below.
- 6.2. **Borrowing Strategy (Paragraph 8.1 & 8.2 of the TMSS 2025/26)**
The Council has followed a strategy of using cash reserves to fund capital expenditure (internal borrowing) and only externalises borrowing if cash balances fell too low, that there was a sharp rise in interest rates forecast at a time when the Council would have to borrow or if borrowing rates fell below investment rates.

During 2025/26, no new borrowing was undertaken, with the intention of delaying any borrowing for as long as possible as interest rates continued to fall. In March 2025, the Council's cash balances were significantly increased on receipt of £11m of capital seed funding for the Freeport. This allowed the Council to postpone additional borrowing which was planned for March 2025.

The current issues in the Middle East have impacted interest rates and the Council will continue to monitor and, if possible, postpone any new borrowing until rates begin to fall again.

6.3. Borrowing in Advance of Need (Paragraph 8.3 of the TMSS 2025/26)

The strategy was clear that the Council would not borrow in advance of need unless value for money could be demonstrated and that the security of funds could be assured.

No borrowing took place during 2025/26.

6.4. Debt Rescheduling (Paragraph 8.4 of the TMSS 2025/26)

Debt rescheduling would be considered if surplus cash was available to facilitate the repayment and that the rescheduling rebalances the portfolio and that the premium payable is lower than the interest saving made.

No rescheduling took place during 2025/26 as there is no urgent need to rebalance the portfolio and the cost of early redemption remains prohibitive.

6.5. Borrowing Counterparties (Paragraph 8.5 of the TMSS 2025/26)

The strategy sets out that the PWLB would remain as the Council's main source of borrowing, although consideration may be given to borrowing from other institutions.

During the year, no external borrowing took place.

6.6. Investment Priority (Paragraph 10.2.1 of the TMSS 2025/26)

The strategy sets out that the Council prioritises investments in terms of security, liquidity, yield, i.e. the Council prioritises the security of the investment above all other considerations. It then ensures that investments take into account the Council's need to access a level of cash instantly and that the yield generated is the final consideration.

During the year, these investment principles remained in place and all investments were made in accordance with these principles.

6.7. Investment Counterparties (Paragraph 10.2 – 10.4 of the TMSS 2025/26)

The strategy set out a number of criteria in respect of investment counterparties which covers the credit rating of each institution, set limits on the sums that could be invested with one institution, set limits on the length of investment and set out approved countries for investment.

During the year, all the criteria set were complied with and no breaches occurred.

7. PRUDENTIAL INDICATORS

- 7.1. In addition to the principles set out above, the Strategy also included a number of prudential indicators and authorised limits. The purpose of these indicators place controls on the level of capital expenditure and the level of borrowing to fund the expenditure and measures the affordability of the revenue costs of borrowing. The comparison of the actual performance for 2025/26, compared to the estimate in the original strategy, is shown in Table 8 below:-

Table 8
Prudential Indicators 2025/26

PERFORMANCE INDICATORS				
Indicator Group	Description	Treasury Management Strategy Statement 2025/26	Draft Final Position at end of Q4	
Affordability	Ratio of Financing Costs to Net Revenue Stream – General Fund	2.60%	1.83%	
	Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account (HRA)	10.03%	10.13%	
Capital Financing Requirement (CFR)	Council Fund & HRA	£154.390m	£156.581m	
AUTHORISED LIMITS				
Prudence	Gross debt must be lower than the CFR plus any additional CFR in the next two years	<171.070m	£121.706m	
External Debt	Authorised Limit	< £181.230m	£121.706m	
	Operational Boundary	< £171.230m	£121.706m	
Maturity of Debt	Under 12 months	<20% of total debt = £24.341m	£2.061m	1.69%
	12 months and within 24 months	<20% of total debt = £24.341m	£4.908m	4.03%
	24 months and within 5 years	<50% of total debt = £60.853m	£9.026m	7.42%
	5 years and within 10 years	<75% of total debt = £85.194m	£14.086m	11.57%
	10 years and above	100% = £121.706m	£121.706m	100.00%

- 7.2. The table above confirms that all the indicators and authorised limits set out in the strategy have been complied with.

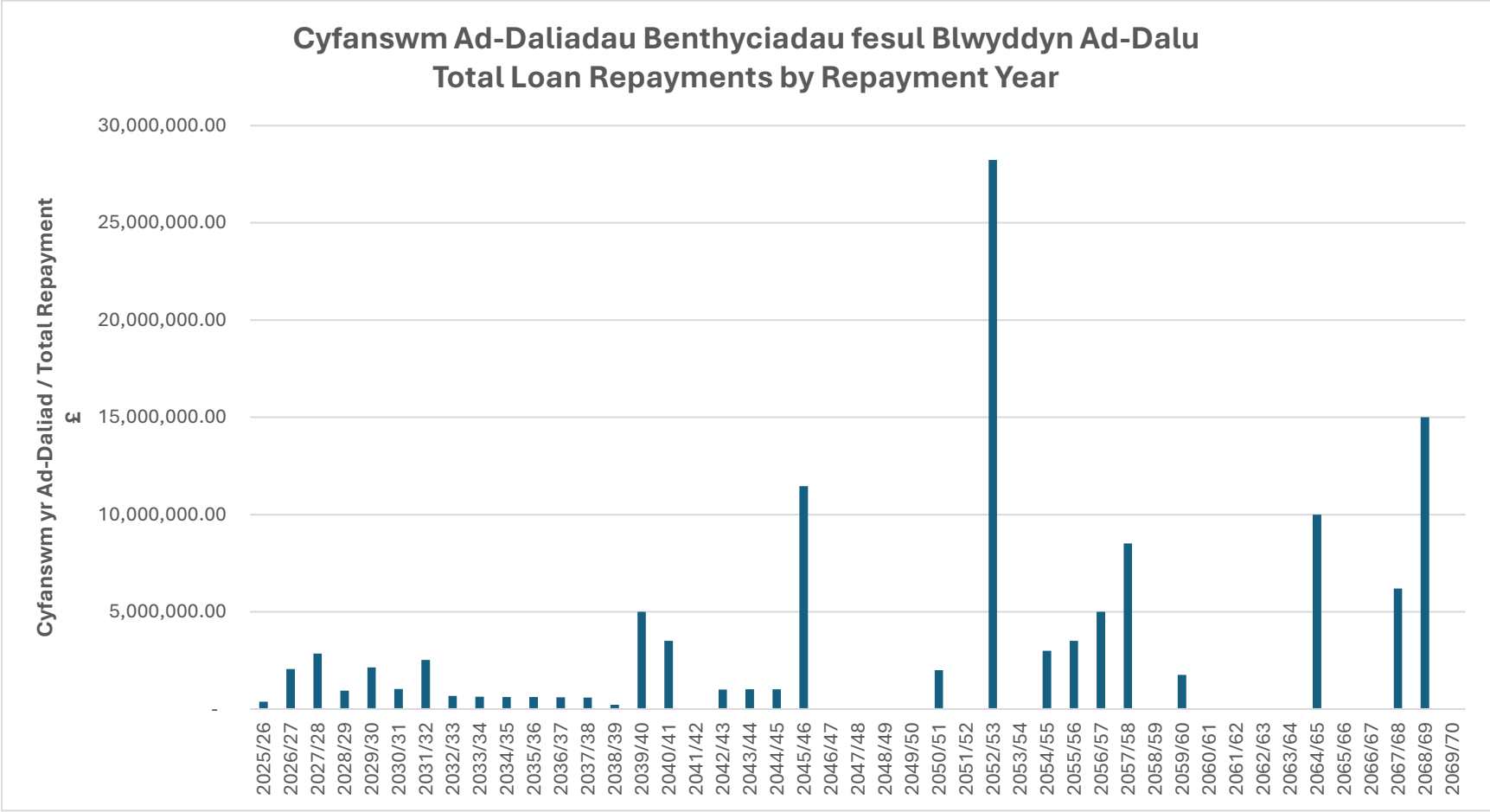
8. 2026/27 AND BEYOND

- 8.1. The TMSS for 2026/27 (approved by the Council on 5 March 2026) sets out the forecasts and strategy for the forthcoming year.
- 8.2. At the beginning of the financial year, the Council had £20m in liquid cash balances. It is estimated that net cash outflow in 2026/27 will be around £9m and this will bring the Council close to the minimum cash balance of £10m. These figures are based on forecasts and will vary, mainly due to the timing of capital expenditure and grant funding received from the WG. In order to ensure that cash balances remain healthy, it may be necessary to convert internal borrowing to external borrowing at some point during the year. However, given the potential for interest rates to fall during the later part of 2026 or the early part of 2027, further borrowing will be delayed for as long as possible, in order to minimise future interest costs.

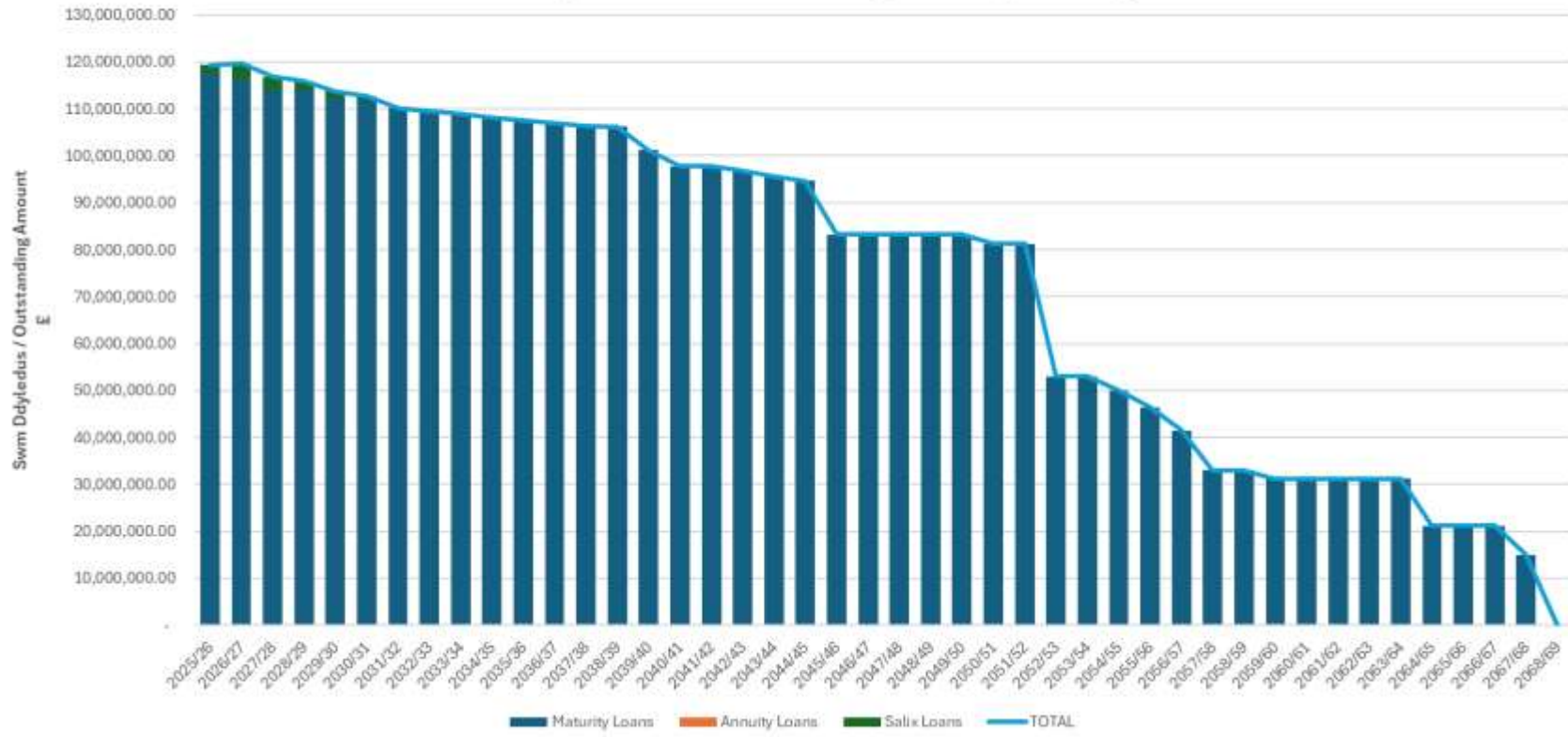
- 8.3.** During 2026/27, one loan dating back to 1994 for £853,800 will be repaid, along with the first HRA buy out loan for £527,601. Further buy out loans will be repaid annually until 2045. In addition, £22,232 annuity loans and £657,692 of Salix loans will be repaid in 2026/27. Further loans, totalling £2.847m, will be repaid in 2027/28.

9. CONCLUSIONS

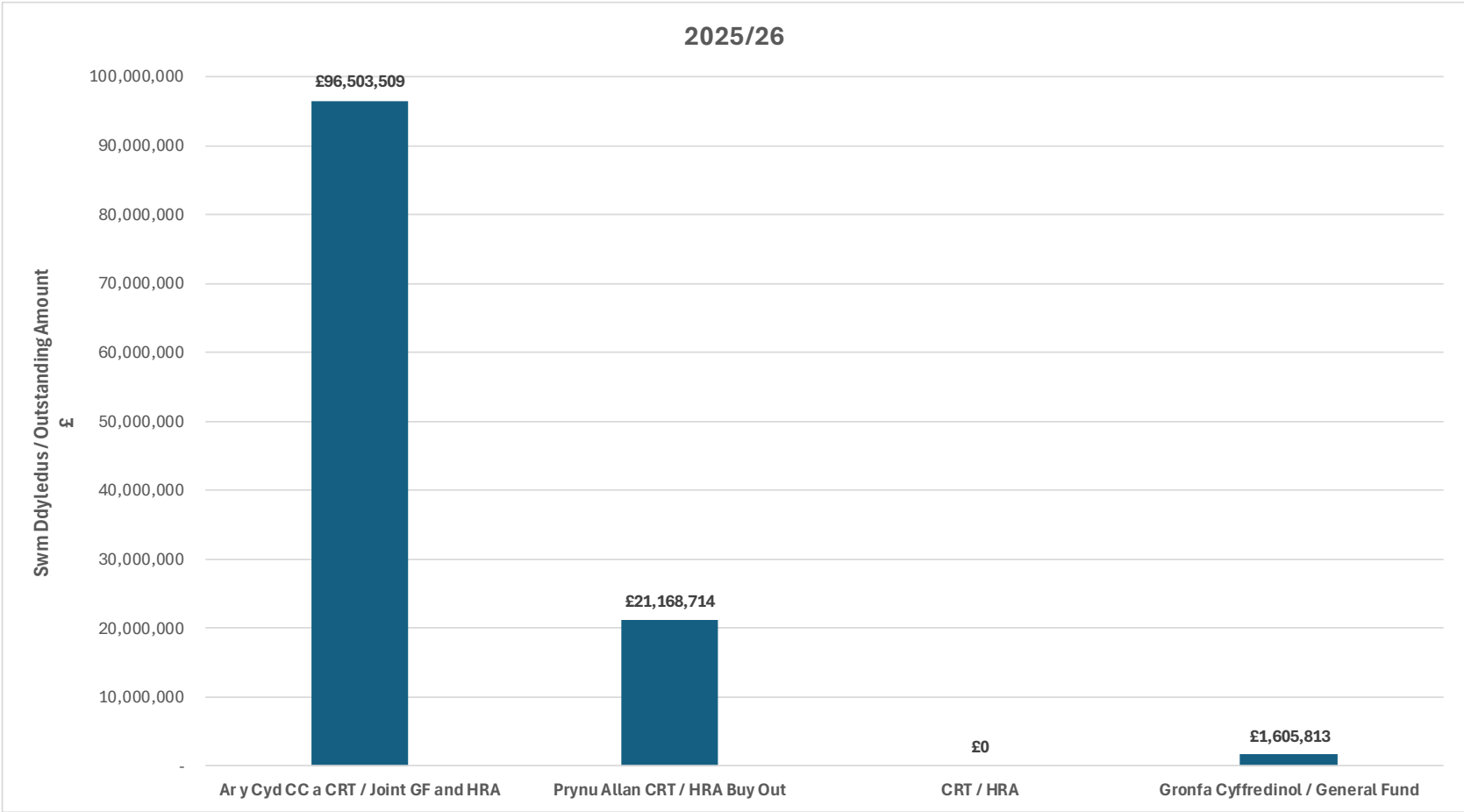
- 9.1.** The Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.
- 9.2.** The performance against the Prudential Indicators set by the Council show that the Council's Treasury Management activities are being undertaken in a controlled way which ensure the financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.
- 9.3.** The Council's Treasury Management Strategy Statement and its performance against the Strategy take into account the external economic factors and it is constantly reviewed to ensure that it is the most appropriate strategy moving forward.



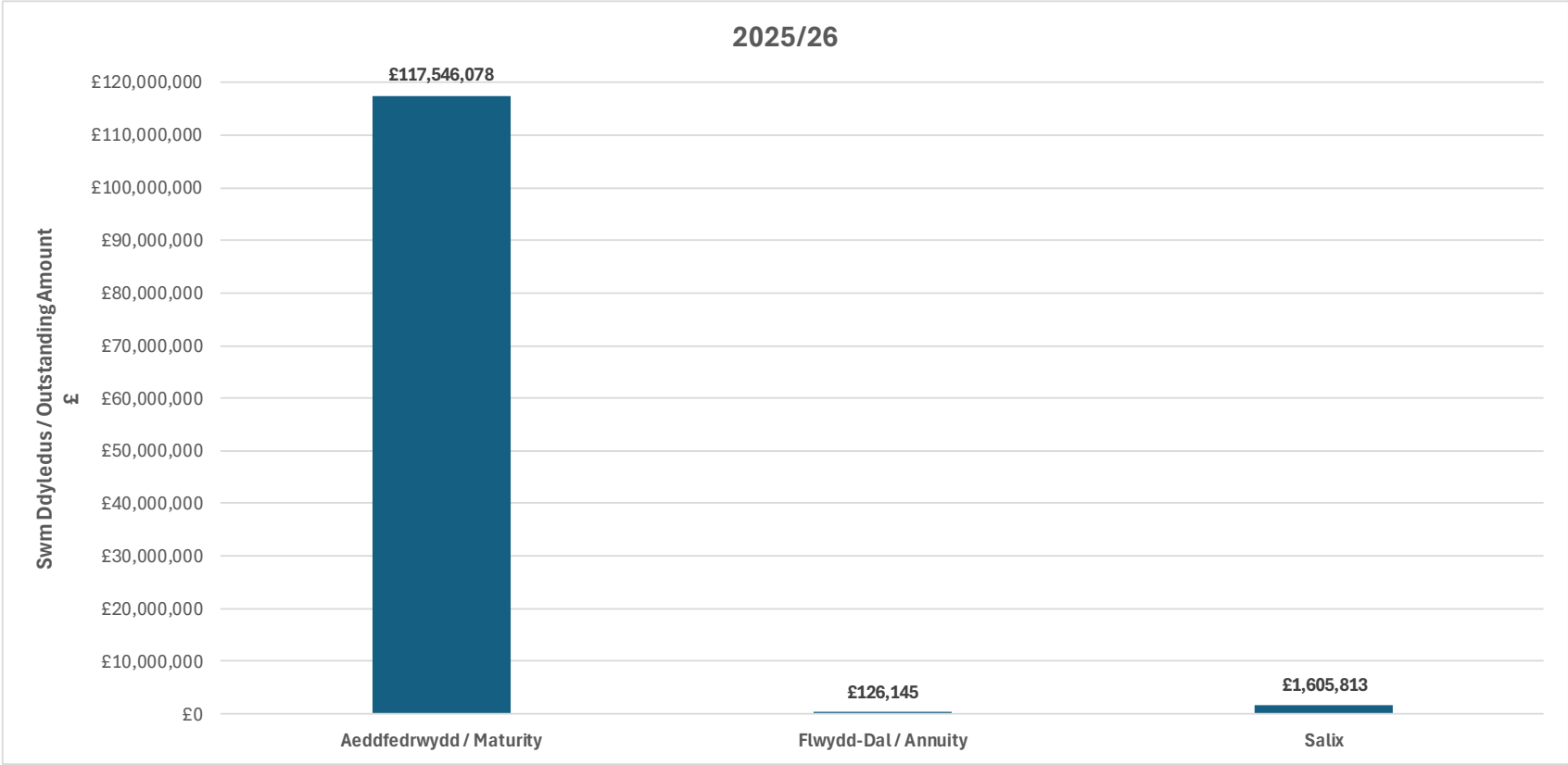
Balans Benthyciadau Dyledus - Benthyciadau Presennol Fesul Fath o Fenthyciad
Outstanding Loan Balance - Existing Loans by Loan Type

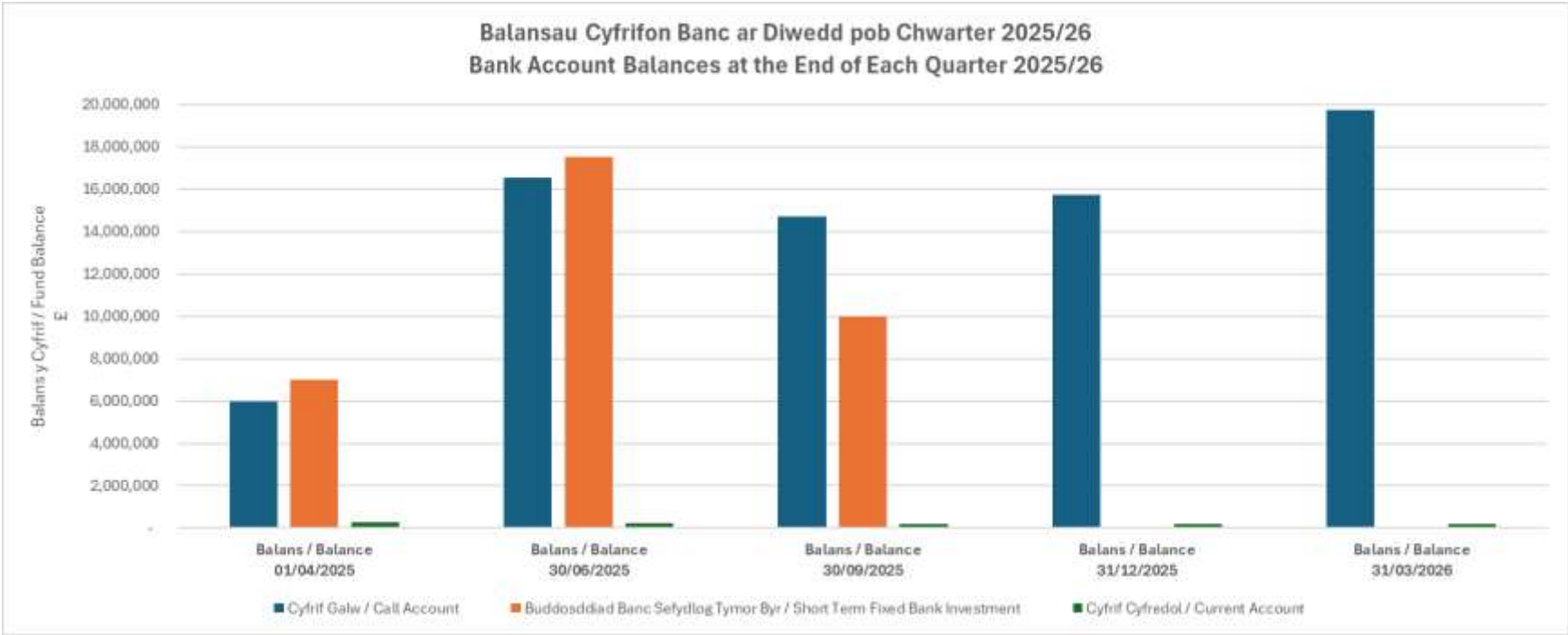


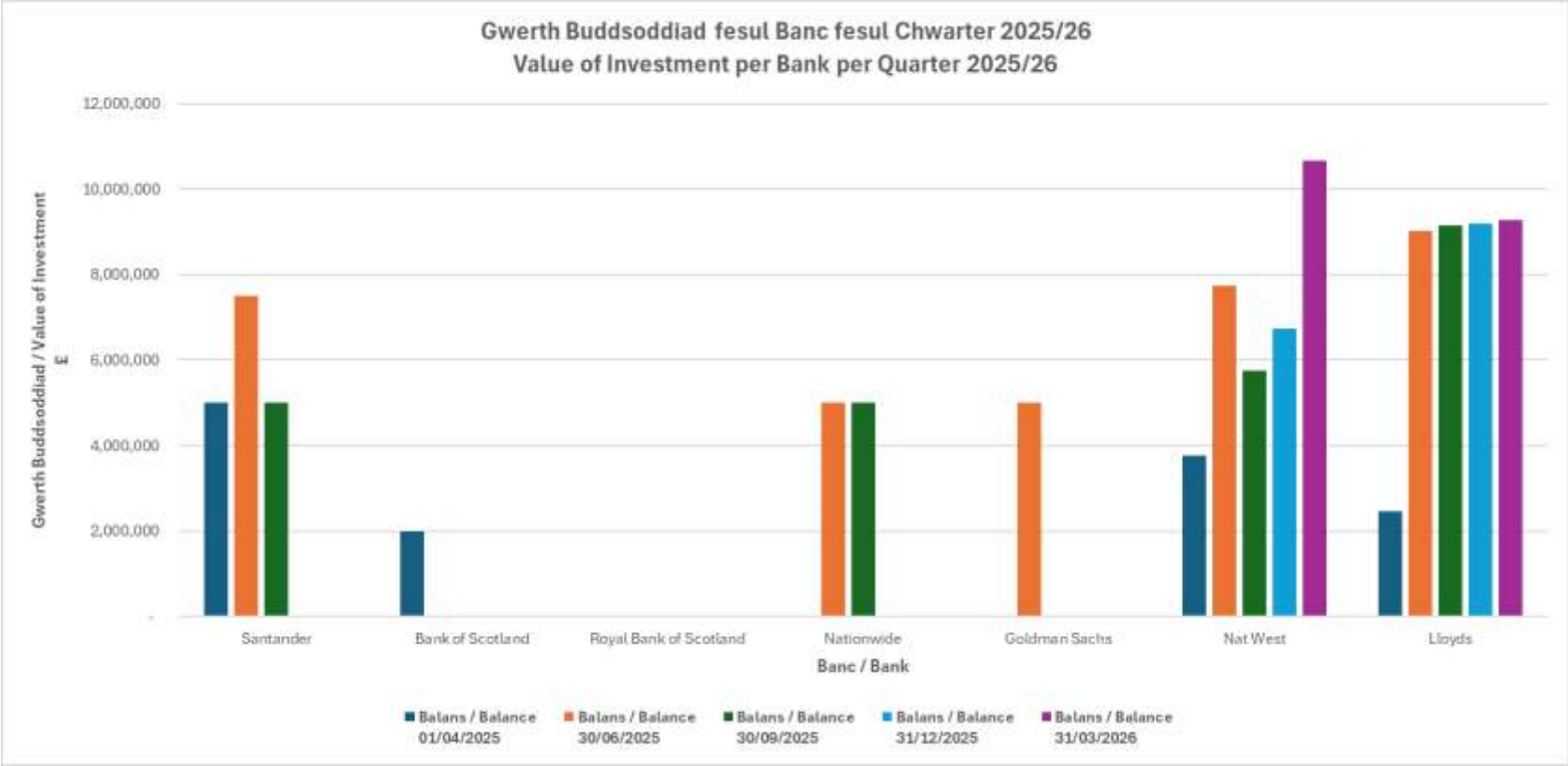
Cyfanswm Benthyciadau yn Ddyledus ar Diwedd Flwyddyn Ariannol Fesul Gronfa
Total Loan Outstanding as at the End of the Financial Year by Fund



Cyfanswm Benthyciadau yn Ddyledus ar Diwedd Flwyddyn Ariannol Fesul Gronfa
Total Loan Outstanding as at the End of the Financial Year by Fund







ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	16 JULY 2026
SUBJECT:	DRAFT STATEMENT OF ACCOUNTS 2025/26
PORTFOLIO HOLDER(S):	CLLR ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER FINANCE, CORPORATE BUSINESS & CUSTOMER EXPERIENCE
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
REPORT AUTHOR:	BETHAN HUGHES-OWEN
TEL:	01248 752133
E-MAIL:	BethanOwen2@ynysmon.llyw.cymru
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
This report presents the draft Statement of Accounts for 2025/26. It is important to note that these figures are unaudited and may, therefore, be subject to change. A report will be presented to the Governance and Audit Committee following the completion of the External Audit. Recommendation:- 1) That the Governance and Audit Committee scrutinise and note the draft unaudited main financial statements for 2025/26.	

1. PURPOSE

This report presents the Isle of Anglesey County Council's draft Statement of Accounts for the financial year 2025/26.

2. BACKGROUND

- 2.1 Regulation 10 of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, requires that the responsible financial officer must, by no later than 31 May immediately following the end of the financial year, sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the Council. Since Covid-19, Welsh Government (WG) has revised its expectation for the completion of the draft and audited final accounts by suggesting later deadlines. This has continued beyond the Pandemic as, since 2021/22, there were significant delays to all councils' accounts due to technical accounting issues which affected all councils.
- 2.2 WG has extended the draft accounts deadline for 2025/26 to 30 June 2026, however, the audited final accounts has been reduced to 30 September 2026. The revised deadline has not been written into the regulations, therefore, each council is required to publish a notice highlighting a delay in the publication of the draft accounts, with the reasons, from the original deadline of 31 May 2026.
- 2.3 The draft Statement of Accounts for 2025/26 was signed by the Council's Responsible Financial Officer, the Director of Function (Resources) / Section 151 Officer, on 30 June 2026, and the audit of the accounts commenced on 1 July 2026. It is expected that the audit will be completed over the summer, with the final audited accounts being approved by 30 September 2026.

3. THE DRAFT COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2025/26 AND MOVEMENT IN RESERVES STATEMENT 2025/26

- 3.1** The draft Comprehensive Income and Expenditure Statement (CIES) 2025/26 is presented in Appendix 2 and on page 10 of the Draft Statement of Accounts.
- 3.2** The CIES summarises the cost of providing services in 2025/26, in accordance with statutory accounting requirements, and covers both the Council Fund and the Housing Revenue Account (HRA) in one financial statement. The CIES includes statutory accounting costs, such as depreciation and pension adjustments, which are not charged against Council Tax and are, therefore, reversed out before determining the final position of general balances, earmarked reserves, the HRA account balance and school balances. As a result, the CIES is not directly comparable to the outturn reports that will be presented to the Executive on 21 July 2026. A report on the Revenue Outturn was presented to the Executive on 16 June 2026.
- 3.3** The CIES shows that the net cost of services was £182.912m, with a surplus of £38.668m on the provision of services. The latter part of the CIES includes the movement for the revaluation of assets, such as properties, and for the re-measurement of the pension liability, to give the final net surplus for the year of £29.296m. Adjustments are then made, as shown in Table 1 below, to determine the movement to reserves and balances. The accounting adjustments are detailed in note 6 of the draft Statement of Accounts. The CIES and adjustments in note 6 are then brought together in the Movement in Reserves Statement (MIRS) on page 12, to show the Council balances as at 31 March 2026.

Table 1
Reconciliation of CIES to the Contribution to or from Reserves and Balances for 2025/26

	£'000	£'000
Total Cost / (Surplus) as per the CIES - page 10		(30,622)
Reverse out the surplus on the Revaluation of Assets and the Re-Measurement of the Pension Liability (Other comprehensive income and expenditure)	(5,046)	
Adjustments between Accounting Basis and the Funding Basis under Regulations – note 6 on page 20	35,913	
		30,867
Contribution (to) / from Usable Reserves and Balances		245

The movement in the Council's reserves and balances is shown in Table 2 below:-

Table 2
Summary of Movements in Reserves and Balances as at 31 March 2026

	Opening Balance 01/04/2025 £'000	Net (Over) / Under Spend 2025/26 £'000	Net Transfers (from) / to Reserves for Approved Funding £'000	Closing Balance 31/03/2026 £'000
Council General Fund	18,160	2,620	(1,743)	19,037
Council Fund Earmarked Reserves	20,759	-	3,676	24,435
School Balances	5,074	-	(746)	4,328
Capital Receipts Reserve	2,616	-	165	2,781
Capital Grants Unapplied Reserve	538	-	697	1,235
Ambition North Wales Reserve	913	-	-	913
HRA Reserve	7,977	(4,914)	-	3,063
TOTAL USEABLE RESERVES	56,037	(2,294)	2,049	55,792

- 3.4** The Council's accounts also include £913k in respect of the Ambition North Wales. This figure is the Council's share of the useable reserves, which are held by Gwynedd Council as the lead authority for the Board Members.

4. DRAFT BALANCE SHEET AS AT 31 MARCH 2026

- 4.1** The draft Balance Sheet as at 31 March 2026 is presented on page 13 within Appendix 2.
- 4.2** The value of the Council's net assets increased by £29.296m, from £486.690m last year to £515.392m at 31 March 2026. The value of the Council's long-term assets increased by £32.941m, this is due to capital expenditure on the Council's property, plant and equipment and the revaluation of existing assets.
- 4.3** Current liabilities decreased by £0.926m, reaching £56.817m. This movement primarily reflects an increase of £6.569m in short-term creditors, offset by a decrease of £8.190m in short-term grants received in advance. Long-term liabilities also reduced, falling from £135.223m to £133.818m.
- 4.4** The actuarial valuation indicates that the Pension Fund is in a surplus position of £155.642m. However, in accordance with IFRIC14, the Council is required to restrict the recognition of this surplus, as it is unable to access or realise the economic benefits associated with the pension asset. As a result, the value of the pension asset reported in the Council's accounts must be reduced to comply with the applicable accounting standards.

5. GENERAL FUND BALANCE

- 5.1** The General Fund balance (subject to audit) as at 31 March 2026 is £22.219m, representing 10.73% of the 2025/26 net expenditure budget. This balance remains provisional and may be amended following completion of the external audit. For 2026/27, the Council has approved the use of £1.685m from the General Fund to support the revenue budget. A further £0.100m has been allocated to meet additional staffing costs within Legal Services. After accounting for these commitments, the net available General Fund balance reduces to £20.434m, equivalent to 9.87% of the 2026/27 net expenditure budget.

The movement in the General Fund balance is summarised in Table 3.

Table 3
Movement in General Balances 2025/26

	£'m	£'m
Opening Balance as at 1 April 2025		18.161
Less Utilised to Balance 2025/26 Revenue Budget		(2.459)
Balance Available as at 1 April 2026		15.702
Transfers From Earmarked Reserves	0.716	
2025/26 Revenue Budget Surplus	2.620	
		3.336
Balance as at 31 March 2026		19.038
Funding for 2026/27 Revenue Budget		(1.685)
Legal Services Staffing Costs		(0.100)
Balance as at 1 April 2026		17.253

6. SCHOOL BALANCES

- 6.1 The level of School balances has decreased from £5.074m at the beginning of the financial year, to £4.327m at the end of the financial year. 6 primary schools were in deficit compared to 4 at the end of 2024/25. All of the schools that have a deficit balance have agreed an expenditure plan which will bring the school out of deficit over a period of time. The balances per sector are summarised in Table 4, below:-

Table 4
Summary of School Balances

Sector	Balance at 1 April 2025 £	Movement in Year £	Balance at 31 March 2026 £
Community and Voluntary Primary Schools	2,213,650	(699,527)	1,514,123
Community Secondary Schools	2,264,916	(145,955)	2,118,961
Community Special Schools	229,403	36,517	265,920
Foundation Primary School	365,668	62,611	428,279
TOTAL	5,073,637	(746,354)	4,327,283

7. EARMARKED RESERVES

- 7.1 Earmarked Reserves are maintained by the Council to provide financial protection against potential future risks, to accommodate anticipated increases in service demand, to support planned capital investment and to enable improvements in business processes and service delivery that are not funded through the annual revenue budget. These reserves also hold unspent grants and other external contributions. The maintenance of earmarked reserves is a key component of the Council's financial strategy, ensuring an appropriate level of financial resilience to meet future risks and challenges while enabling targeted investment in assets and services.

New reserves established during 2025/26, totalling £0.510m, are detailed in Table 5, and the Executive is asked to formally approve their creation at their meeting on the 21 July 2026.

Table 5
New Earmarked Reserves Created in 2025/26

Service	Reserve Name	Reserve Amount £	Reason for Creating Reserve	Purpose of the Reserve
Regulation - Maritime	Maritime Dredging	50,000	Fund capital expenditure required in 2026/27	Dredging works around piers.
Property	Door Entry System	75,000	Fund capital expenditure required in 2026/27	Repairs to the Door Access system to the main Council offices and an upgrade to the associated software.
Property	Smallholdings Repairs & Maintenance	200,000	Approved transfer of underspend to fund capital expenditure in 2026/27	Contribution to fund backlog repairs of the smallholdings estate.
Education	Post 16 Funding	42,317	Carry forward un-utilised grant to 2026/27	To fund further expenditure on post 16 education, as specified in the grant offer letter.
Children's Services	Duke of Edinburgh Award Scheme	4,537	To hold funding restricted for this purpose	To fund future costs relating to this scheme.
Children's Services	Travis Perkins Community Legacy Fund	9,425	To hold funding restricted for this purpose	To fund future costs relating to this scheme.

Digital, Modernisation and Transformation	ICT Staffing	121,885	To carry forward unspent staffing budget from 2025/26	To fund additional staffing costs in 2026/27 prior to the costs being permanently funded in 2027/28 budget.
Children's Services	Repairs & Maintenance - Cabannau	6,490	To transfer income to create a sinking fund	To create a sinking fund to meet the future repair and maintenance costs of nursery provision cabins located at various schools.
	TOTAL	509,654		

- 7.2** The total earmarked reserves as at 31 March 2026 are detailed in full in Appendix 4, but are summarised by purpose below, in Table 6:-

Table 6
Summary of Earmarked Reserves as at 31 March 2026

	Opening Balance – 01/04/2025 £	Contributions to / (from) during 2025/26 £	Closing Balance – 31/03/2026 £
Ongoing Corporate and Service Risks	7,092,100	1,111,627	8,203,727
Specific Corporate and Service Risks	1,609,476	(160,853)	1,448,623
Funding of Future Capital Expenditure	5,321,709	2,836,361	8,158,070
Business Process Improvements	374,327	(84,805)	289,522
Unused Contingency Budgets Carried Forward to Future Years	848,805	530,251	1,379,056
Restricted Grant Holding Reserves	2,181,098	(642,874)	1,538,224
Other Restricted Reserves	307,898	(185,646)	122,252
Other Earmarked Reserves for Specific Projects	3,023,645	270,552	3,294,197
TOTAL EARMARKED RESERVES	20,759,058	3,674,613	24,433,671

8. CAPITAL GRANT UNAPPLIED RESERVE

- 8.1** The Capital Grant Unapplied Reserve holds the unspent balance of the general capital grant. This reserve is not classified as an earmarked reserve as it is established specifically to retain capital funding. Although the grant is provided without conditions, it is for the Council to determine which capital projects will be supported from this funding. The reserve remains unapplied as the grant was not fully utilised by the end of the financial year. The balance will be drawn down to support capital expenditure in 2027/28.

9. HOUSING REVENUE ACCOUNT (HRA) BALANCE

- 9.1** The balance of the HRA reserve fell from £7.978m at the beginning of the financial year to £3.064m as at 31 March 2026. The details are shown in Table 7 below:-

Table 7
Housing Revenue Account Balance as at 31 March 2026

	£'m	£'m
Opening Balance as at 1 April 2025		7.976
Revenue Account Surplus 2025/26	8.023	
Capital Expenditure Funded from Reserves	(12.935)	
Net Movement in 2025/26		(4.912)
Closing Balance as at 31 March 2026		3.064

10. CONCLUSION

- 10.1** The Draft Statement of Accounts 2025/26 will be subject to audit during the summer period. Upon completion of the audit, the final audited Statement of Accounts will be presented to the Governance and Audit Committee on 28 September 2026.



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Draft Statement of Accounts 2025/26



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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 consists 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 2026. 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 2023/28

The Council Plan 2023/28 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 2023 to 2028](#)

Financial Scenario

All 22 councils in Wales received a better-than-expected funding settlement from Welsh Government for 2025/26. The final settlement included a floor at 3.8% with Anglesey receiving the funding floor level, an increase of 0.2% on the provisional settlement. This took the total value of the AEF to £135.881m. In addition, the final settlement noted that a further grant of £30m across Wales, would be provided by the Welsh Government (WG) to help meet the costs faced by local authorities in caring for elderly clients at home or in residential or nursing care, rather than clients having to go to hospital. This additional £30m will provide the Council with £663k in additional grant funding.

Whilst setting the 2025/26 budget the Welsh Government announced an additional funding package of £220 million to support higher National Insurance costs for Welsh public Services. For Anglesey this equated to additional grant income of £2.223m. The Council set a balanced budget for 2025/26, which required an 8.5% increase in Council Tax and the use of £2.460m of the Council's own reserves.

The Budget

The Council's Budget and Medium-Term Financial Strategy for 2025/26 was adopted by the Council at its meeting on 6 March 2025, 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: -

Isle of Anglesey County Council – Item 9

The settlement was better than anticipated during the majority of the budget planning stage and provided the Council with £135.881m, which was an increase in cash terms of £4.974m (3.80%) after allowing for £4.974m of grants received in 2024/25, which transferred into the settlement in 2025/26. The Council resolved to increase the Band D Council Tax by 8.5%, which increased the charge for a Band D property to £1,705.95.

The revenue budget was set at £195.443m, which was to be funded by the settlement, council tax and £2.460m use of reserves. The Council also resolved to approve the Capital Strategy 2025/26 and the Initial Capital Programme 2025/26 of £44.294m, as well as the Treasury Management Strategy Statement for 2025/26.

Budget Monitoring

The Council has a well-established procedure for monitoring the budgets. This allows the Council to mitigate any overspending and the impact likely to occur on services. Additional funding from reserves where possible, could be provided for instances where demand for a 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 any impact that is likely to occur on services.

Performance

The Council regularly measures its performance and linked below is a report that shows the Council's performance against its strategic objectives as outlined in the Council's Plan.

Isle of Anglesey County Council – Item 8

Revenue Expenditure

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 2025/26, the Council's draft outturn is an underspend of £2.620m against a planned activity of £195.442m (net budget). This may be subject to change once the accounts have been audited.

The table below reflects the final budget for 2025/26 and actual income and expenditure against it: -

Services	Annual Budget £'000	Outturn £'000	Variance £'000
Education, Young People and Skills	71,519	70,516	(1,003)
Adult Services	42,356	41,483	(873)
Children's Services	17,230	18,567	1,337
Housing	2,991	2,990	(1)
Highways, Waste, Property	20,495	20,384	(111)
Regulation	6,083	6,034	(49)
Transformation	8,110	7,527	(583)
Resources	3,906	3,909	3
Corporate Services and Corporate Finance	6,241	6,576	335
Total Council Fund	178,931	177,986	(945)

The Council's general reserve balance was £18.160m at the start of the financial year. As part of the approved 2025/26 budget, £2.459m was transferred from the reserve, reducing the balance to £15.701m. During the year, £716k was released from earmarked reserves to the general reserve. Together with the Council's 2025/26 underspend of £2.620m, this increased the general reserve balance to £19.037m as at 31 March 2026.

Summary of Movements in Council Reserves 2025/26

	Council Fund General Reserve	Council Fund Earmarked Reserves	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	NWEAB Reserves	Housing Revenue Account (HRA) Reserve	Housing Revenue Account (HRA) Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2025/26	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2025	(18,160)	(20,759)	(5,074)	(2,616)	(538)	(913)	(7,977)	-	(56,037)
Net over / (underspend) 2025/26	(2,620)	-	-	-	-	-	4,914	-	2,294
Council Balance after over / (underspend)	(20,780)	(20,759)	(5,074)	(2,616)	(538)	(913)	(3,063)	-	(53,743)
Net transfers from/(to) Reserves for approved funding	1,743	(3,676)	746	(165)	(697)	-	-	-	(2,049)
General Reserve Balance at 31 March 2026	(19,037)	(24,435)	(4,328)	(2,781)	(1,235)	(913)	(3,063)	-	(55,792)

Capital Expenditure

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

In March 2025, the Council approved an initial capital programme of £44.294m and, in July 2025, the Executive approved that £2.529m of slippage from 2024/25 to be carried forward and added to the 2025/26 budget. This gave a revised budget of £46.823m.

During the year, additional schemes were added to the capital programme, to reflect funding changes and any additional grant funding that is received during the year. In total, £23.825m has been added to the capital programme. This brings the total Capital budget for 2025/26 to £70.648m.

The programme has made steady progress in year, achieving a delivery rate of 77%. It is expected that most of the remaining schemes will be delivered in the next financial year. From this total spend of £54.662m, £24.499m was 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 (£10.181m) or did not increase the fair value of the capital assets (£19.983m). However, this capital expenditure improved the condition of the assets and, on several projects, extended the life of the assets.

IFRS16 Leases from 1 April 2024 requires all local authorities to add leased assets in, above the small value leases exemption (less than £10k for the Council) to the Council's balance sheet similar to owned assets. In 2025/26 £1.320m of new Right of Use assets were added to the balance sheet (£2.229m in 2024/25).

The Council received a significant amount of capital grants during the year from Welsh Government, UK Government and other sources of £25.937m (£37.883m in 2024/25). This included £12.179m of capital grants from Welsh Government for the improvement and development of Council dwellings. This will help the Council continue with improvements to meet the Welsh Housing Quality Standards and to increase the number of Council dwellings on Anglesey. The Council Fund also benefitted from substantial grants including £8.759m on economic and regeneration schemes, £4.075m for low carbon heat pumps in several schools and care homes, £3.136m of Highways grants, £2.824m on educational projects along with additional funding for several other projects.

The table below details the capital expenditure, per service: -

Services	2025/26 £'000	2024/25 £'000
Education, Young People and Skills	3,070	8,265
Adult Services	1,238	486
Housing	1,620	1,966
Housing HRA	25,114	27,468
Highways, Waste, Property	13,072	19,026
Regulation	9,611	7,948
Transformation	937	396
Right of Use Assets	1,320	2,229
Total Council Fund	55,982	67,784

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

Funded By	2025/26 £'000	Percentage %
Unsupported Borrowing	1,491	2.66%
Supported Borrowing	4,229	7.55%
Capital Grants	25,937	46.33%
Capital Receipts	53	0.09%
Revenue Contribution	12,935	23.11%
REFCUS grants	9,447	16.88%
Loan	385	0.69%
Capital Reserve	1,505	2.69%
Total	55,982	100%

The Authority had £123.556m of external borrowing (excluding accrued interest of £1.850m) as at 31 March 2026. In addition, the Council held £2.349m of right of use liabilities for the right of use (leased) assets into the Council. This relates to the liabilities outstanding at 31 March 2025 for leased assets of £10k or higher. IFRS16 Leases from 1 April 2024 requires all local authorities to add leased assets in, above the small value leases exemption (less than £10k for the Council) to the Council's balance sheet similar to owned assets. The outstanding payments under the lease or contract are then treated as borrowing and are split between principal and interest similar to traditional loans.

The Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £156.537m (£152.389m in 2024/25), which indicates that the Council has used £32.981m of its own surplus cash balances to fund capital expenditure. In the Treasury Management Strategy Statement for 2025/26, the Authorised Borrowing Limit approved by the Council was £176m, therefore, the Authority is well within its borrowing limit with external borrowing of £123.556m.

Reserves, Financial Performance and Financial Position

The Council's General Fund balance as at 31 March 2026 stood at £19.037m, which equates to 13.4% of the net revenue budget for 2025/26. The Council's financial strategy aims to hold a minimum of 5% of the net revenue budget as General Balances (£9.772m). As a result, the Council's General Balance is higher than the target. However, with the continuing cost and demand pressures increasing costs facing the Council, this surplus provides more financial stability for the Council especially with the funding issues affecting Government and all public sector organisations.

The financial performance for 2025/26 showed a net underspend of £2.620m on the Council Fund. This is made up of overspends from some services such as an overspend of £1.337m in Children's Services which continues to experience increased demand. Several services underspent or achieved surplus income. The Education, Young People and Skills Service underspent by £1.003m and the Adults service underspent by £873k. The total underspend on services amounted to £908k.

There were some overspends in Corporate Finance such as £336k for debt write-offs and increases in the impairment loss allowance (previously known as bad debt provision). Benefits granted underspent by £189k and Capital Financing achieved an underspend of £771k due to surplus interest receivable and delaying external borrowing. The continuing high levels of interest rates by the Bank of England are benefiting the Council as the interest receivable from its investment of surplus funds continues to generate significantly higher levels of interest

than in the previous decade. However, increased interest rates continue to negatively impact the Council when borrowing in the future for capital projects, despite the modest Bank of England base rate reductions, which have slowed due to uncertainty from global events. No borrowing was taken out in 2025/26, 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. Overall, Corporate Finance underspent by £393k. The Council achieved surplus income of £1.212m on the Council Tax premium and £119k on Council Tax.

Housing Revenue Account

The Council's Housing Revenue Account balance stood at £3.063m as at 31 March 2026. 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. The HRA has had a very successful year of improving, purchasing and building new council dwellings and due to the high levels of external grants this has not impacted significantly on the HRA balances in 2025/26.

Provisions

The Council's total provisions amounted to £2.316m on 1 April 2025. During the year, the balance increased by £0.306m to £2.622m. Insurance coverage was increased to £738k in line with estimated need. The total short-term provisions amounted to £1.124m, to accommodate expected future costs that may arise from past liabilities. The total provision for Penrhysgyn Waste Site was reduced by £0.156m due to the cost of improvement works undertaken on the landfill site in 2025/26 and removing £0.087m from the provision to an earmarked reserve. Details of the movements in provisions are shown in Note 21 of the Accounts

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, who 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 values 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.

Similar to last year, 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.

The pensions accounting standard IAS19 which was updated by IFRIC14 does not permit reporting a pension net asset for defined funded 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 the adjusted net asset position on funded obligations from £164.749m to £0. However, the actuary has advised that the net liability of unfunded obligations should be shown on the balance sheet. Therefore, a liability of £9.107m (£9.259m in 2024/25) is included in the long-term pensions liability on the balance sheet funded by the pensions unusable reserve. The full results of the accounting valuation is reported in the Local Government Pensions note 34 on page 54.

Freeport

The Council established the Freeport company on 25 November 2024; however, the company remained dormant throughout 2025/26 and did not undertake any trading activity during the year. It had no employees and carried out no operational activities in 2025/26. A Memorandum of Understanding (MOU) has been entered into between the UK Government, the Welsh Government and the Council, setting out the principles governing the operation of the Freeport. Upon signing the MOU, the Welsh Government agreed to provide £25m of capital funding, of which the first instalment of £11,566,667 was paid to the Council on 27 March 2026. This funding will be applied to projects specified in Schedule 4 of the grant offer letter.

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. Total usable reserves reduced by £245k but remain robust at £55.792m. The increase in the Council's general reserve from £18.160m to £19.037m improves the Council's financial resilience and the Council is very unlikely to issue a S114 notice in the financial year 2026/27. These notices are issued by Councils in difficulty where their expenditure exceeds income and are in budget deficit.

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.

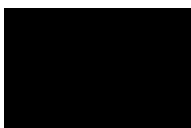
The Section 151 Officer has also: -

- 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 2026: -

Signed:



Richard Marc Jones FCPFA

DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER

Signed:

Councillor Dafydd Rhys Thomas

CHAIR OF ANGLESEY COUNTY COUNCIL

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2026

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.

2025/26			Services	Note	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
93,931	(18,098)	75,833	Education, Young People and Skills		93,410	(19,892)	73,518
59,975	(19,107)	40,868	Adult Services		55,416	(17,620)	37,796
25,285	(7,107)	18,178	Children's Services		23,108	(6,760)	16,348
10,543	(7,738)	2,805	Housing		10,372	(8,162)	2,210
35,646	(11,965)	23,681	Highways, Property and Waste		31,689	(9,688)	22,001
21,407	(14,606)	6,801	Regulation and Economic		21,940	(16,089)	5,851
7,516	(443)	7,073	Transformation		7,079	(562)	6,517
23,933	(12,849)	11,084	Resources		25,884	(14,832)	11,052
2,570	(224)	2,346	Council Business		2,596	(545)	2,051
1,378	(856)	522	Corporate and Democratic Costs		349	(268)	81
743	(12)	731	Corporate Management		741	(10)	731
160	-	160	Non-distributed costs		242	-	242
16,755	(23,925)	(7,170)	Housing Revenue Account (HRA)		16,364	(23,083)	(6,719)
299,842	(116,930)	182,912	Deficit on Continuing Operations		289,190	(117,511)	171,679
		19,793	Other operating expenditure	10			19,279
		(3,496)	Financing and investment income and expenditure	11			2,031
		(234,877)	Taxation and non-specific grant Income	12			(234,111)
		(35,668)	(Surplus)/Deficit on Provision of Services				(41,122)
		18,492	Impairment losses on non-current assets charged to the Revaluation Reserve				15,865
		(25,746)	Surplus on revaluation of non-current assets				(20,007)
		173,935	Write-off Net Pension Asset	9c & 34			139,086
		(161,635)	Re-measurement of net Pension liability	9c & 34			(138,345)
		5,046	Other Comprehensive Income and Expenditure				(3,401)
		(30,622)	Total Comprehensive Income and Expenditure				(44,523)

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.

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2025/26			Services	2024/25		
Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C		Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C
£'000	£'000	£'000		£'000	£'000	£'000
70,959	4,874	75,833	Education, Young People and Skills	67,309	6,209	73,518
41,268	(400)	40,868	Adult Services	37,626	170	37,796
18,537	(359)	18,178	Children's Services	16,304	44	16,348
2,922	(117)	2,805	Housing	2,254	(44)	2,210
17,918	5,763	23,681	Highways, Property and Waste	16,058	5,943	22,001
6,199	602	6,801	Regulation and Economic	5,250	601	5,851
6,905	168	7,073	Transformation	6,228	289	6,517
11,387	(303)	11,084	Resources	11,150	(98)	11,052
2,468	(122)	2,346	Council Business	2,087	(36)	2,051
902	(380)	522	Corporate and Democratic Costs	676	(595)	81
720	11	731	Corporate Management	751	(20)	731
-	160	160	Non-distributed costs	-	242	242
16,526	(23,696)	(7,170)	Housing Revenue Account (HRA)	16,535	(23,254)	(6,719)
196,711	(13,799)	182,912	Net Cost of Services	182,228	(10,549)	171,679
(196,466)	(22,114)	(218,580)	Other Income and Expenditure	(188,427)	(24,374)	(212,801)
245	(35,913)	(35,668)	(Surplus) or Deficit on the Provision of Services	(6,199)	(34,923)	(41,122)
(56,037)			Opening General Fund and HRA balance at 1 April	(49,838)		
245			Less (Surplus)/Deficit on General Fund and HRA Balance in Year	(6,199)		
(55,792)			Closing Council Fund Balances and HRA Balance at 31 March	(56,037)		
(52,729)	Comprised of:			(48,060)	Comprised of:	
(3,063)	Council Fund			(7,977)	Council Fund	
(55,792)	HRA			(56,037)	HRA	

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2026

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	Capital Receipts Reserve (Note 8) £'000	Capital Grants Unapplied £'000	Schools Balances (Note 7) £'000	NWEAB Reserves £'000	Total Council Fund Usable Reserves £'000	HRA Balance (Supplementary Financial Statements) £'000	HRA Capital Receipts Reserve £'000	Total HRA Usable Reserves £'000	Total Usable Reserves £'000	Total Unusable reserves (Note 9) £'000	Total Reserves (of the Council) £'000
Balance 1 April 2024	15,605	16,517	2,390	464	5,577	587	41,140	8,189	509	8,698	49,838	391,735	441,573
Movement in reserves during the year													
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on provision of services	18,360	-	-	-	-	-	18,360	22,762	-	22,762	41,122	-	41,122
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	3,401	3,401
Total Comprehensive Income and Expenditure	18,360	-	-	-	-	-	18,360	22,762	-	22,762	41,122	3,401	44,523
Adjustments between accounting basis and funding basis under regulations (Note 6)	(11,202)	-	226	(464)	-	-	(11,440)	(22,974)	(509)	(23,483)	(34,923)	34,923	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	7,158	-	226	(464)	-	-	6,920	(212)	(509)	(721)	6,199	38,324	44,523
Transfers to/(from) Earmarked Reserves (Note 7)	(4,603)	4,242	-	538	(503)	326	-	-	-	-	-	-	-
(Decrease) / Increase In Year	2,555	4,242	226	74	(503)	326	6,920	(212)	(509)	(721)	6,199	38,324	44,523
Balance 31 March 2025	18,160	20,759	2,616	538	5,074	913	48,060	7,977	-	7,977	56,037	430,059	486,096
Movement in reserves during the year													
Adjustment to opening balance													
Surplus/(Deficit) on provision of services	16,886	-	-	-	-	-	16,886	18,782	-	18,782	35,668	-	35,668
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	(6,372)	(6,372)
Total Comprehensive Income and Expenditure	16,886	-	-	-	-	-	16,886	18,782	-	18,782	35,668	(6,372)	29,296
Adjustments between accounting basis and funding basis under regulations (Note 6)	(12,270)	-	165	(112)	-	-	(12,217)	(23,696)	-	(23,696)	(35,913)	35,913	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	4,616	-	165	(112)	-	-	4,669	(4,914)	-	(4,914)	(245)	29,541	29,296
Net transfer to/(from)													
Transfers to/(from) Reserves	(3,739)	3,676	-	809	(746)	-	-	-	-	-	-	-	-
(Decrease) / Increase In Year	877	3,676	165	697	(746)	-	4,669	(4,914)	-	(4,914)	(245)	29,541	29,296
Balance 31 March 2026	19,037	24,435	2,781	1,235	4,328	913	52,729	3,063	-	3,063	55,792	459,600	515,392

BALANCE SHEET AS AT 31 MARCH 2026

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 2026 £'000	31 March 2025 £'000
Property, plant and equipment	13	611,754	580,318
Heritage assets	15	2,301	2,299
Investment property	16	10,201	10,068
Intangible assets		109	175
Long-term debtors	18	2,169	1,625
Long-term Right of Use Assets	43	2,749	1,857
Long-term Assets		629,283	596,342
Assets held for sale		813	833
Inventories		313	421
Short-term debtors	18	55,384	67,895
Short-term Investments	35a	-	-
Cash and cash equivalents	19	20,234	13,571
Current Assets		76,744	82,720
Short-term borrowing	35b	(2,507)	(2,206)
Short-term creditors	20	(47,826)	(41,257)
Short-term provisions	21	(1,124)	(749)
Short-term grants receipts in advance	30	(4,914)	(13,104)
Short-term Right of Use liabilities	43	(446)	(427)
Current Liabilities		(56,817)	(57,743)
Long-term creditors	20	(261)	(255)
Long-term provisions	21	(1,498)	(1,567)
Long-term borrowing	35b	(121,049)	(121,726)
Long-term grants receipts in advance	30	-	(1,349)
Other long-term liabilities	34	(9,107)	(9,259)
Long-term Right of Use Liabilities		(1,903)	(1,067)
Long-term Liabilities		(133,818)	(135,223)
Net Assets		515,392	486,096
Usable reserves	MIRS	55,792	56,037
Unusable reserves	9	459,600	430,059
Total Reserves		515,392	486,096

CASH FLOW FOR YEAR ENDED 31 MARCH 2026

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.

	Note	2025/26 £'000	2024/25 £'000
Net Surplus / (Deficit) on the provision of services		35,668	41,122
Non Cash Items charged to the Income and Expenditure Accounts	22	20,638	28,946
Cash items not charged to the Income & Expenditure Account	22	(13,778)	(12,774)
Movements in Net Current Assets	22	9,416	(18,721)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(26,155)	(38,773)
Net cash flows from operating activities		25,789	(200)
Net cash flows from investing activities	23	(18,327)	(17,413)
Net cash flows from financing activities	24	(799)	(923)
Net (decrease)/increase in cash and cash equivalents		6,663	(18,536)
Cash and cash equivalents at the beginning of the financial year		13,571	32,107
Cash and cash equivalents at the end of the financial year	19	20,234	13,571

NOTES TO THE ACCOUNTS

NOTE 1 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2025/26

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	6,967	(1,160)	(933)	4,874
Adult Services	647	(1,018)	(29)	(400)
Children's Services	342	(603)	(98)	(359)
Housing	46	(156)	(7)	(117)
Highways, Property and Waste	6,354	(581)	(10)	5,763
Regulation and Economic	1,244	(574)	(68)	602
Transformation	494	(329)	3	168
Resources	-	(275)	(28)	(303)
Council Business	(1)	(104)	(17)	(122)
Corporate and Democratic Costs	574	(954)	-	(380)
Corporate Management	-	-	11	11
Non-distributed costs	-	160	-	160
Housing Revenue Account (HRA)	(22,627)	(1,085)	16	(23,696)
Net Cost of Services	(5,960)	(6,679)	(1,160)	(13,799)
Other Income and Expenditure from the Funding Analysis	(15,015)	(7,099)	-	(22,114)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(20,975)	(13,778)	(1,160)	(35,913)

2024/25

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
Lifelong Learning	6,127	(375)	457	6,209
Adult Services	587	(326)	(91)	170
Children's Services	261	(196)	(21)	44
Housing	35	(47)	(32)	(44)
Highways, Property and Waste	6,062	(187)	68	5,943
Regulation and Economic Development	745	(180)	36	601
Transformation	384	(99)	4	289
Resources	-	(87)	(11)	(98)
Council Business	1	(36)	(1)	(36)
Corporate and Democratic Costs	452	(1,047)	-	(595)
Corporate Management	-	-	(20)	(20)
Non-distributed costs	-	242	-	242
Housing Revenue Account (HRA)	(23,084)	(93)	(77)	(23,254)
Net Cost of Services	(8,430)	(2,431)	312	(10,549)
Other Income and Expenditure from the Funding Analysis	(24,801)	427	-	(24,374)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(33,231)	(2,004)	312	(34,923)

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

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024.

This standard applies to eligible organisations that do not follow International Financial Reporting Standards (IFRSs). The Council is required to prepare the annual accounts in compliance with IFRSs as amended by the CIPFA Code of Practice on Local Authority Accounting 2025/26. Therefore, these amendments do not affect this Statement of Accounts.

- b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024

The changes to IFRS9 clarified that a financial liability is derecognised on the 'settlement date' which is the expiry of the right to receive cash. This is when the related obligation is discharged by being paid back, cancelled or expired. In addition, where a financial liability is settled in full or part, using an electronic payment system, an entity is permitted to adopt a policy to derecognise all financial liabilities before the settlement date in circumstances where there is no ability to withdraw, stop or cancel the electronic payments or access the cash due to the payment instruction. In 2025/26, the Council's derecognition of financial instruments are in accordance the settlement dates.

The changes to IFRS 7 relate to increased disclosures where there are changes to the fair value of equities during the period. The Council did not hold any financial instruments i.e. investments or liabilities valued at fair value in 2025/26. The Council investments are all financial assets measured at amortised cost. The standard also introduced changes which relate to various investments and liabilities which result in changes due to contingent features which do not relate to changes in basic lending risks and costs. The Council's financial instruments do not include such contingent features.

- c) **Annual Improvements to IFRS Accounting Standards – Volume 11**, issued in July 2024.

This makes minor amendments to five accounting standards for periods beginning on or after 1 January 2026. CIPFA considers these changes to have limited applicability.

- d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024.

These requirements have no impact on these accounts as the requirements are effective for the next financial year 2026/27.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 44, 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 4a – 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 2026 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 2026 was £611.754 (580.318m at 31 March 2025). PPE are revalued every five year and since 2025/26 and beyond, the value of some classes of PPE are estimated during the intervening years using appropriate external indices or where there is no suitable index, these assets are valued in year three of each five-year programme.

Provisions - The Council has made provisions amounting to £2.622m (£2.316m on 31 March 2025) 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 - Similar to last year, the Council's Actuary has valued the Pension Fund to a surplus position and therefore a net pension asset of £164.789m, excluding £9.107m unfunded pensions obligations. This surplus has been reduced to nil because of pensions rules restricting the reporting of a net pensions asset in the balance sheet. This is due to a change in the assumptions the Actuary has used in relation to the discount factor due to increased interest and bond rates. This is 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. (an asset of £138.823m excluding unfunded obligations was reported for the value on 31 March 2025). A net liability of £9.107m (£9.259m on 31 March 2025) remains on the pension liability for unfunded obligations which cannot be offset against the surplus on the pension fund.

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 provision - As at 31 March 2026, the Council had a net debtor balance of £57.553m. (£69.520m in 2024/25) A review of arrears balance suggested that impairment or provision of doubtful debts of £9.968m was appropriate (£8.532m at 31 March 2024/25). 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 £74.568m, community assets valued at £259k, assets under construction valued at £39.989m and plant, vehicles and equipment valued at £13.167m. These are all valued at depreciated historical cost.

Leasing – The Council has implemented the requirements of IFRS16 Leases from 1 April 2024. This has resulted in the estimation of the duration of some leases where there are rolling contracts which go beyond the original lease date. Leased vehicles and properties to reduce homelessness tend to be rolling leases. Where a lease or contract with a right of use asset does not specify the implicit interest rate, the Council uses the PWLB annuity rate for the duration of the lease, as its incremental borrowing rate. Many leases are valued on the cost model basis but some assets especially some properties are valued on fair value. Right of Use Assets measured at fair value are valued every five years. In the intervening years, their values are estimated using suitable external indices. Where no suitable index is available, the assets are valued in year three of the five-year programme. See Note 43 for details of Right of use Assets.

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

The Council's PPE valuation policy has been updated to reflect new CIPFA indexation requirements from 1 April 2025. Where no suitable index is available, affected assets will be revalued in year three of the five-year valuation programme.

NOTE 5 – EVENTS AFTER BALANCE SHEET DATE

The Council must report material events which occur after the reporting period of 31 March 2026 and up to the date the draft accounts were authorised for issue on 30 June 2026.

There were no material events between the reporting period and the date the draft accounts were published.

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

2025/26	Usable Reserves							Movement in Unusable Reserves £'000
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000	Total Council Fund £'000	Housing Revenue Account £'000	HRA Capital Receipt Reserve £'000	Total HRA £'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	17,703	-	-	17,703	3,710	-	3,710	(21,413)
Revaluation (gains)/losses on Property, Plant and Equipment	(636)	-	-	(636)	(16)	-	(16)	652
Movements in the market value of Investment Properties loss/(gain)	(132)	-	-	(132)	-	-	-	132
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(13,697)	-	-	(13,697)	(12,179)	-	(12,179)	25,876
Donated assets - leases	(61)	-	-	(61)	-	-	-	61
Revenue expenditure funded from capital under statute	733	-	-	733	-	-	-	(733)
Derecognition - leases	(3)	-	-	(3)	-	-	-	3
Carrying amount of non-current assets sold	73	-	-	73	-	-	-	(73)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				-			-	-
Minimum Revenue Provision for Capital Funding	(356)	-	-	(356)	(147)	-	(147)	503
Minimum Revenue Provision for Capital Funding - Leasing	(400)	-	-	(400)	(24)	-	(24)	424
Voluntary Revenue Provision	-	-	-	-	(1,031)	-	(1,031)	1,031
Capital expenditure charged against the Council Fund and HRA balances	(1,505)	-	-	(1,505)	(12,935)	-	(12,935)	14,440
Adjustments involving the Capital Receipts Reserve:				-			-	-
Proceeds from Sale of Non-Current Assets	(218)	218	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	(53)	-	(53)	-	-	-	53
Use of capital reserve to finance capital expenditure	112	-	(112)	-	-	-	-	-
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	(14)	-	-	(14)	(5)	-	(5)	19
Total adjustments for capital purposes	1,599	165	(112)	1,652	(22,627)	-	(22,627)	20,975
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)	(34)	-	-	(34)	-	-	-	34
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,659)	-	-	(12,659)	(1,085)	-	(1,085)	13,744
Total pensions adjustments	(12,693)	-	-	(12,693)	(1,085)	-	(1,085)	13,778
Adjustment involving the Accumulating Compensated Absences Adjustment Account				-			-	-
Adjustments in relation to short-term compensated absences	(1,176)	-	-	(1,176)	16	-	16	1,160
Total other adjustments	(1,176)	-	-	(1,176)	16	-	16	1,160
				-			-	-
Total Adjustments	(12,270)	165	(112)	(12,217)	(23,696)	-	(23,696)	35,913

NOTE 7 – EARMARKED RESERVES

	Balance as at 31/03/2024 £'000	Transfers In 2024/25 £'000	Transfers Out 2024/25 £'000	Balance as at 31/03/2025 £'000	Opening Balance 01/04/2025 £'000	Transfers In 2025/26 £'000	Transfers Out 2025/26 £'000	Balance as at 31/03/2026 £'000
Restricted Reserves - smaller service reserves less than £500k*	5,976	3,183	(1,759)	7,400	7,064	1,946	(2,472)	6,538
Restricted Reserves - which have since March 2023 fallen below £500k	794	21	(131)	684	-	-	-	-
Restricted Reserves - which have since March 2024 fallen below £500k	689	-	(67)	622	622	-	(79)	543
Restricted Reserves - which have since March 2025 increased to £500k or over:								
Trainee Scheme*	-	-	-	-	408	516	(300)	624
Afghan Resettlement*	-	-	-	-	427	116	-	543
SPF Interest Received Economic Development Reserve*	-	-	-	-	185	370	-	555
Restricted Reserves - Larger service reserves - £500k or more:								
Waste / Recycling	-	987	-	987	987	2,386	(220)	3,153
Schools Rationalisation	402	279	(133)	548	548	-	(224)	324
Education Sinking Fund ICT Equipment	461	150	-	611	611	217	-	828
Insurance (Catastrophe) Reserve	1,250	-	-	1,250	1,250	-	-	1,250
Revenue Contributions to Capital Unapplied	1,340	1,626	(1,716)	1,250	1,250	872	(1,018)	1,104
Housing Developer Contributions S106	840	-	(187)	653	653	197	(264)	586
Affordable Housing	1,269	82	(649)	702	702	615	(98)	1,219
Leisure Improvements	762	-	-	762	762	212	(3)	971
Additional Revenue Settlement - response to increase in inflation	1,715	-	(723)	992	992	1,373	(20)	2,345
Out of County Education	500	-	-	500	500	-	-	500
Homes for Ukraine	519	80	(165)	434	434	-	(308)	126
Council Tax Risk Reserve	-	900	-	900	900	-	(138)	762
Penhesgyn Site Culvert	-	2,464	-	2,464	2,464	-	-	2,464
Total Earmarked Reserves	16,517	9,772	(5,530)	20,759	20,759	8,820	(5,144)	24,435
School Balances	5,577	5,223	(5,726)	5,074	5,074	4,376	(5,122)	4,328
Total	22,094	14,995	(11,256)	25,833	25,833	13,196	(10,266)	28,763

* Three reserves have increased to over £500k during the year, the opening balances for the year have been amended to reflect this.

The more significant reserves are:

Waste / Recycling – this reserve is used to fund future waste management projects.

Schools Rationalisation – to be used to fund school rationalisation.

Education Sinking Fund ICT Equipment – this is to fund the cost of replacement IT equipment in schools.

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.

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.

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

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.

Homes for Ukraine – support for families from Ukraine to establish a life in Wales.

Council Tax Risk Reserve – to fund council tax refunds.

Penhesgyn Site Culvert – this reserve is to fund any future potential flood prevention works and significant works required in the event that the culvert at Penhesgyn has a total collapse.

Trainee Scheme – this is to fund schemes to employ trainees within different services in the Council.

Afghan Resettlement – this is a grant to aid resettle Afghan interpreters, refugees and their families.

Shared Prosperity Fund (SPF) Interest Received – amount retained to cover any unanticipated administration costs at the closure of the SPF programme.

Schools Balances – these balances are reserved for each school's use in pursuance of its educational objectives. On 31 March 2026, six of the forty primary schools had balances in a deficit position (four in deficit as at 31 March 2025). None of the five secondary schools are in a deficit position at the end of the financial year (none as at 31 March 2025), the Special school is not in a deficit position at 31 March 2025. The combined value of the schools in deficit is £202k (£194k as at 31 March 2025). 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 RESERVES

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 £2.781m will be carried forward to 2026/27 to help fund next year's capital programme.

	2025/26 £'000	2024/25 £'000
Balance 1 April	2,616	2,899
Capital Receipts in year (net of reduction for administration costs)	218	890
	2,834	3,789
Less:		
Receipts set aside to repay debt	-	-
Capital Receipts used for financing	(53)	(1,173)
Other	-	-
Balance 31 March	2,781	2,616

NOTE 9 – UNUSABLE RESERVES

	31/03/2026 £'000	31/03/2025 £'000
a) Capital Adjustment Account	264,811	238,941
Financial Instruments Adjustment Account	(271)	(289)
b) Revaluation Reserve	206,533	204,192
c) Pensions Reserve	(9,107)	(9,259)
ch) Accumulating Compensated Absences Adjustment Account	(2,366)	(3,526)
Total Unusable Reserves	459,600	430,059

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	2025/26		2024/25	
	£'000	£'000	£'000	£'000
Balance at 1 April		238,941		200,735
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	(21,413)		(18,347)	
Derecognised assets	3		(712)	
Revaluation (losses) / gain on Property, Plant and Equipment	652		(334)	
Revenue expenditure funded from capital under statute	(733)		(999)	
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	(73)		(1,078)	
		(21,564)		(21,470)
Adjusting amounts written out of the Revaluation Reserve		4,912		4,994
Net written out amount of the cost of non-current assets consumed in the year		(16,652)		(16,476)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	54		1,173	
Use of capital reserve	1,505		2,155	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	25,937		37,883	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	1,959		2,050	
Capital expenditure charged against the Council Fund and HRA balances	12,935		9,126	
		42,390		52,387
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		132		2,295
Balance at 31 March		264,811		238,941

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	2025/26	2024/25
	£'000	£'000
Balance at 1 April	204,192	205,044
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	7,253	4,142
Difference between fair value depreciation and historical cost depreciation	(4,912)	(4,060)
Revaluation balances on assets scrapped or disposed of	-	(934)
Balance at 31 March	206,533	204,192

NOTE 9c -PENSION 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	2025/26	2024/25
	£'000	£'000
Balance at 1 April	(9,259)	(10,522)
Re-measurement of net defined liability	161,635	138,345
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	34	(10,770)
Employers' pension contribution and direct payment to pensioners payable in the year	12,272	12,774
Remove net pension asset as at 31 March	(173,789)	(139,086)
Balance at 31 March	(9,107)	(9,259)

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 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	2025/26		2024/25	
	£'000	£'000	£'000	£'000
Balance at 1 April		(3,526)		(3,214)
Settlement or cancellation of accrual made at the end of the preceding year	3,526		3,214	
Amounts accrued at the end of the current year	(2,366)		(3,526)	
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		1,160		(312)
Balance at 31 March		(2,366)		(3,526)

NOTE 10 – OPERATING EXPENDITURE

	2025/26 £'000	2024/25 £'000
Precept paid to the North Wales Police and Crime Commissioner	12,457	11,598
Precept paid to Community Councils	2,204	1,995
(Gains)/Losses on the disposal of non-current assets (Including Derecognition)	(148)	796
North Wales Fire and Rescue Authority	5,186	4,807
North Wales Community Joint Committee	90	77
Towyn Trewan Board of Conservators	-	2
Natural Resources Wales	4	4
Total	19,793	19,279

NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2025/26 £'000	2024/25 £'000
Interest payable and similar charges	5,385	5,342
Net interest on the defined liability	(7,698)	453
Interest receivable and similar income	(1,170)	(2,002)
Income and Expenditure in relation to investment properties and changes in their fair value	(333)	(2,307)
Derecognition and impairment of Financial Assets	320	545
Total	(3,496)	2,031

NOTE 12 – TAXATION AND NON-SPECIFIC GRANT INCOME

	2025/26 £'000	2024/25 £'000
Council Tax Income	73,058	67,607
Non-Domestic Rates Redistribution	25,097	25,341
Revenue Support Grant	110,784	103,280
Capital Grants Applied to Fund Capital Expenditure	25,937	37,883
Total	234,876	234,111

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

2025/26	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 2025	217,285	256,735	22,631	711	40,293	1,567	539,222
Adjustment opening balance	-	20	-	-	-	-	20
Additions (Note 17)	17,570	3,368	2,381	596	13,857	-	37,772
Revaluation inc./(decr.) to Revaluation Reserve	(15,545)	(5,719)	-	-	-	(25)	(21,289)
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services	-	(2,466)	-	-	-	(5)	(2,471)
Derecognition - Disposals	-	-	(483)	-	-	-	(483)
Derecognition - other	-	-	-	-	-	-	-
Derecognition - replaced parts	-	-	-	-	-	-	-
Reclassification	8,263	2,750	2,851	-	(13,864)	-	-
Reclassified (to) / from Infrastructure	-	-	-	-	(297)	-	(297)
Reclassified (to) / from Assets Held for Sale	-	-	-	-	-	-	-
Reclassified (to) / from Investment Property	-	-	-	-	-	-	-
Reclassified (to) / from Heritage Assets	-	-	-	-	-	-	-
Balance as at 31 March 2026	227,573	254,688	27,380	1,307	39,989	1,537	552,474
Depreciation and Impairment							
At 1 April 2025	14,808	3,177	12,400	452	-	4	30,841
Adjustment opening balance	-	20	-	-	-	-	20
Depreciation Charge	3,240	9,706	2,223	-	-	52	15,221
Impairment charge to (Surplus) or Deficit on the Provision of Services	-	708	-	596	-	-	1,304
Impairment charge to Revaluation Reserve	16,019	2,473	-	-	-	-	18,492
Depreciation written out to Revaluation Reserve	(6,501)	(10,341)	-	-	-	-	(16,842)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(1,448)	-	-	-	-	(1,448)
Impairment written out to the Revaluation Reserve	(27,566)	(2,582)	-	-	-	(28)	(30,176)
Impairment written out to the Surplus/Deficit on the Provision of Services	-	(1,713)	-	-	-	-	(1,713)
Reclassified (to) / from Investment Property	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	(410)	-	-	-	(410)
Balance as at 31 March 2026	-	-	14,213	1,048	-	28	15,289
Net Book Value							
Balance as at 31 March 2026	227,573	254,688	13,167	259	39,989	1,509	537,185
Balance as at 31 March 2025	202,477	253,558	10,231	259	40,293	1,563	508,381

2024/25	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 2024	203,805	228,614	21,056	259	27,792	1,452	482,978
Adjustment opening balance		(64)					(64)
Additions (Note 17)	11,817	5,386	1,615	452	31,275		50,545
Revaluation inc./(decr.) to Revaluation Reserve	(5,325)	13,648				49	8,372
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services		(891)					(891)
Derecognition - Disposals		(720)	(40)			(88)	(848)
Reclassification	6,988	11,686			(18,828)	154	-
Reclassified (to) / from Infrastructure							-
Reclassified (to) / from Assets Held for Sale		(270)					(270)
Reclassified (to) / from Investment Property		58			54		112
Reclassified (to) / from Heritage Assets							-
Balance as at 31 March 2025	217,285	256,735	22,631	711	40,293	1,567	539,222
Depreciation and Impairment							
At 1 April 2024	-	3,356	10,248	-	-	4	13,608
Depreciation Charge		(64)					(64)
Impairment charge to (Surplus) or Deficit on the Provision of Services	3,261	8,070	2,152			16	13,499
Impairment charge to Revaluation Reserve		(321)		452			131
Depreciation written out to Revaluation Reserve	11,547	4,318					15,865
Depreciation written out to (Surplus) or Deficit on the Provision of Services		(7,499)				(10)	(7,509)
Impairment written out to the Revaluation Reserve		(269)					(269)
Impairment written out to the Surplus/Deficit on the Provision of Services		(4,126)					(4,126)
Reclassified (to) / from Investment Property		(288)					(288)
Derecognition - Disposals							-
Balance as at 31 March 2025	14,808	3,177	12,400	452	-	4	30,841
Net Book Value							
Balance as at 31 March 2025	202,477	253,558	10,231	259	40,293	1,563	508,381
Balance as at 31 March 2024	203,805	225,258	10,808	259	27,792	1,448	469,370

Revaluations

The Council has £611.574m recognised as Property, Plant and Equipment (PPE). This includes £74.569m 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 every five years, with the valuation effective on 31 March each year. PPE are revalued every five year and since 2025/26 and beyond, the value of some classes of PPE are estimated during the intervening years using appropriate external indices or where there is no suitable index, these assets are valued in year three of each five-year programme.

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 44 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.

	2025/26 £'000	2024/25 £'000
Net Book Value at 1 April	71,937	71,415
Additions	6,691	4,771
Reclassification	297	0
Depreciation	(4,356)	(4,249)
Net Book Value at 31 March	74,569	71,937

Total PPE Assets

	2025/26 £'000	2024/25 £'000
Infrastructure assets	74,569	71,937
Other PPE assets	537,185	508,381
Total PPE assets	611,754	580,318

NOTE 14 – SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2026, the Council was committed to capital works for the construction of Property, Plant and Equipment, giving rise to significant capital commitments of £8.255m in 2026/27 and future years, as shown in the table below: -

	Commitment into 2026/27 & future years as of 31 March 2026 £'000
Planned Maintenance Contracts - HRA	4,539
Development of New Properties - HRA	1,306
Refurbishment of Existing Properties - HRA	224
Heat Pump Installation	1,605
Energy Projects	581
Total	8,255

NOTE 15 – HERITAGE ASSETS

2025/26

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation At 1 April 2025	2,299	-	2,299
Adjustment to opening balance	2		2
At 31 March 2026	2,301	-	2,301
Accumulated Depreciation and Impairment			
At 1 April 2025	-	-	-
Depreciation Charge	-	-	-
At 31 March 2026	-	-	-
Net Book Value			
At 31 March 2026	2,301	-	2,301
At 31 March 2025	2,299	-	2,299

2024/25

	Art Collection £'000	Heritage £'000	Total £'000
Cost or Valuation At 1 April 2024	2,299	114	2,413
Transfer (to) / from Investment Properties	-	(114)	(114)
At 31 March 2025	2,299	-	2,299
Accumulated Depreciation and Impairment			
At 1 April 2024	-	-	-
Depreciation Charge	-	8	8
Depreciation Charge written out to the Surplus/Deficit on the Provision of Services	-	(8)	(8)
At 31 March 2025	-	-	-
Net Book Value			
At 31 March 2025	2,299	-	2,299
At 31 March 2024	2,299	114	2,413

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 revalued in 2023/24, as per the Council's revaluation procedures. The most notable heritage assets are: -

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

	2025/26 £'000	2024/25 £'000
Balance at start of the year	10,068	7,484
Disposals	-	(24)
Additions	-	322
Net gains/(losses) from fair value adjustments	132	2,294
Derecognition	-	-
Transfers:		
- (to)/from Property, Plant and Equipment	-	(112)
- (to)/from Heritage Assets	-	104
Balance at end of the year	10,200	10,068

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.

The Council has a joint venture with Welsh Government for industrial units at Penrhos Industrial Estate, Holyhead, completed in 2022/23 with Phase 2 completed in 2023/24. The Council holds 16% of the property value and income, with Welsh Government holding 84%. The Council must pay Welsh Government 84% of the value of the units, 15 years after completion of the units.

b) Fair Value Measurement of Investment Properties 2025/26 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 2026 £'000
Retail Properties	-	1,362	-	1,362
Office units	-	1,032	-	1,032
Commercial units	-	7,806	-	7,806
Total	-	10,200	-	10,200

2024/25 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 2025 £'000
Retail Properties	-	1,359	-	1,359
Office units	-	1,026	-	1,026
Commercial units	-	7,683	-	7,683
Total	-	10,068	-	10,068

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	2025/26 £,000	2024/25 £'000
Opening Capital Financing Requirement	152,389	145,754
Capital Invested in Year		
Property, Plant and Equipment	44,482	55,794
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	10,181	9,761
Right of Use Assets	1,275	2,229
Right of Use Assets Adjustment	45	-
Total	55,983	67,784
Source of Finance		
Capital receipts	(53)	(1,173)
Reserve	(1,506)	(2,155)
Government Grants and Contributions	(25,937)	(37,883)
Revenue Provisions	(12,935)	(9,126)
REFCUS Grants	(9,447)	(8,762)
Minimum Revenue Provision and Set Aside	(503)	(1,709)
Voluntary Revenue Provision	(1,031)	-
Minimum Revenue Provision and Set Aside - Right of Use Assets	(423)	(341)
Total	(51,835)	(61,149)
Net Increase/(Decrease) in Capital Financing Requirement	4,148	6,635
Closing Capital Financing Requirement	156,537	152,389
Explanation of Movement in Year		
Increase in underlying need to borrow unsupported by Government assistance - Right of Use Assets	1,259	1,832
Increase in underlying need to borrow supported by Government assistance	4,229	4,243
Increase in underlying need to borrow unsupported by Government assistance - Capital Additions	232	2,491
Loan	385	119
Minimum Revenue Provision and Set Aside	(503)	(1,709)
Voluntary Revenue Provision	(1,031)	-
Minimum Revenue Provision and Set Aside - Right of Use Assets	(423)	(341)
Net Increase/(Decrease) in Capital Financing Requirement	4,148	6,635

NOTE 18 – DEBTORS

	Long-Term Debtors		Short-Term Debtors	
	31/03/2026 £'000	31/03/2025 £'000	31/03/2026 £'000	31/03/2025 £'000
Trade Receivables	-	-	2,621	2,184
Prepayments	-	-	2,610	2,132
Other Receivable Amounts	2,169	1,625	50,153	63,578
Total	2,169	1,625	55,384	67,895

The above debtors' figures are net of bad debt provisions totalling £9.192m in 2025/26 (£8.957m in 2024/25).

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

	31/03/2026 £'000	31/03/2025 £'000
Less than one year	3,430	3,235
More than one year	6,538	5,297
Total	9,968	8,532

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 2026 £'000	31 March 2025 £'000
Cash held by the Authority	93	37
Bank current accounts	353	569
Demand Deposits	19,788	5,965
Fixed Short Term Deposits	-	7,000
Total	20,234	13,571

NOTE 20 – CREDITORS

	Long-Term Creditors		Short-Term Creditors	
	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000
Trade Payables	-	-	(3,254)	(2,783)
Other Payables	(261)	(255)	(44,573)	(38,474)
Total Creditors	(261)	(255)	(47,826)	(41,257)

NOTE 21 – PROVISIONS

	Balance at 1 April 2024 £'000	Increase / (Decrease) during the year £'000	Utilised during year £'000	Balance at 31 March 2025 £'000	Increase / (Decrease) during the year £'000	Utilised during year £'000	Balance at 31 March 2026 £'000
Short-Term Provisions							
Insurance Claims Provision	456	327	(202)	581	327	(170)	738
Penhesgyn Waste Site (Short Term)	-	-	-	-	87	-	87
ADY Strategaeth Provision	-	81	-	81	-	-	81
Care Fees Provision	-	-	-	-	218	-	218
Total Short-Term Provisions	456	408	(202)	662	632	(170)	1,124
Long-Term Provisions							
Penhesgyn Waste Site (Long Term)	4,247	(2,464)	(129)	1,654	(87)	(69)	1,498
Total Provisions	4,703	(2,056)	(331)	2,316	545	(239)	2,622

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 35 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.

NOTE 22 – CASH FLOW FROM OPERATING ACTIVITIES

	2025/26 £'000	2024/25 £'000
Adjustment to surplus or deficit on the Provision of Services for non-cash movements		
Depreciation, Impairment and amortisation	21,413	18,347
Downward/(upwards) revaluations and non-sale derecognitions	(652)	1,046
(Increase)/decrease in Inventories	108	(21)
(Increase)/decrease in debtors	11,967	(17,837)
Increase/(decrease) in creditors	6,575	1,185
Increase/(decrease) in grants receipts in advance	(9,539)	340
Transactions within the CIES relating to retirement benefits	(13,778)	(2,004)
Transactions within the CIES relating to Right of Use Assets	(64)	(394)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	73	1,078
Increase/(Decrease) in Provisions	305	(2,386)
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	(132)	(2,295)
Total	16,276	(2,941)
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	(218)	(890)
Capital Grants and Contributions Received	(25,937)	(37,883)
Total	(26,155)	(38,773)

NOTE 23 – CASH FLOW FROM INVESTING ACTIVITIES

	2025/26 £'000	2024/25 £'000
Movement in short term Investments	-	-
Property, Plant and Equipment, Heritage Assets, Investment Properties, Intangible Assets and Right of Use Assets	(44,482)	(56,187)
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	218	890
Capital Grants and Contributions Received	25,937	37,884
Net Cash flows from Investing Activities	(18,327)	(17,413)

NOTE 24 – CASH FLOW FROM FINANCING ACTIVITIES

	2025/26 £'000	2024/25 £'000
Movement in Borrowing		
Short Term Borrowing	301	(1,134)
Cash repayments of Right of Use Lease liabilities	(423)	(341)
Long Term Borrowing	(677)	552
Net Cash flows from Financing Activities	(799)	(923)

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.

	2025/26 £'000	2024/25 £'000
Expenditure		
Employee benefits	122,902	120,285
Other services	155,527	150,558
Depreciation, amortisation, impairment & movement in market value of investment properties	21,281	16,077
Interest Payments	24,121	23,183
De-recognition and Impairment of Financial Assets	320	545
Precepts and levies	19,941	18,546
Gain on the disposal of assets	(148)	796
Total Expenditure	343,944	329,990
Income		
Fees, charges and other service income	(42,703)	(41,669)
Interest and investment income	(27,806)	(19,428)
Income from Council Tax, Non-Domestic Rates	(98,155)	(92,948)
Government grants and contributions	(210,948)	(217,067)
Total Income	(379,612)	(371,112)
Surplus or Deficit on the provision of services	(35,668)	(41,122)

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	2025/26 Income from Services £'000	2024/25 Income from Services £'000
Lifelong Learning	(654)	(655)
Adult Services	(8,556)	(8,106)
Children Services	(7)	-
Housing	(478)	(713)
Highways, Property and Waste	(5,289)	(5,249)
Regulation and Economic Development	(3,416)	(3,279)
Transformation	(1)	(37)
Resources	(188)	(209)
Council Business	(155)	(468)
Corporate and Democratic Costs	(290)	(265)
Housing Revenue Account (HRA)	(23,669)	(22,688)
Total Income	(42,703)	(41,669)

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: -

Council fees and charges

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 2025 to 31 March 2026. 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 – MEMBER'S ALLOWANCES

A total of £1.162m (£1,061m in 2024/25) was paid in respect of allowances to Council Members during the year, as follows: -

	2025/26 £'000	2024/25 £'000
Basic and Special responsibility allowances	914	865
Chairman and Deputy Chairman's Allowance	16	10
Pension Costs	105	101
National Insurance Costs	113	77
Travel Costs	3	3
Subsistence	3	2
Miscellaneous	8	3
Total	1,162	1,061

In addition, the Council spent £33,906.35 on expenses for lay members (£27,510.71 in 2024/25).

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 2025/26, excluding pension contributions but including severance pay, overtime and teaching & learning responsibilities, is as follows :-

Officer Remuneration	Non-Schools 2025/26 Number of Employees	Non-Schools 2024/25 Number of Employees	Schools 2025/26 Number of Employees	Schools 2024/25 Number of Employees
£60,000 to £64,999*	17	17	66	31
£65,000 to £69,999*	8	2	15	23
£70,000 to £74,999*	1	2	27	22
£75,000 to £79,999*	2	-	15	6
£80,000 to £84,999*	2	1	4	7
£85,000 to £89,999*	-	6	4	5
£90,000 to £94,999*	8	-	6	5
£95,000 to £99,999	-	3	3	1
£100,000 to £104,999	3	-	-	2
£105,000 to £109,999	-	1	2	1
£110,000 to £114,999	1	-	2	-
£115,000 to £119,999	-	-	-	1
£120,000 to £124,999	-	-	-	-
£125,000 to £129,999	-	-	-	-
£130,000 to £134,999	-	-	-	-
£135,000 to £139,999	1	1	-	-
Total	43	33	144	104

*8 posts in these bands would not appear above except for termination benefit paid during the year (7 cases in 2024/25). An additional 51 are included above due to additional teaching & learning responsibilities pay (19 cases in 2024/25), and 2 are included above due to a combination of additional teaching & learning responsibilities pay and extra paid post (3 included due to extra paid post in 2024/25).

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 salary exceeds £150k per annum are also named individually to comply with statutory requirements:-

Senior Officer Remuneration 2025/26	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	136,041	-	27,344	163,385
Deputy Chief Executive		112,748	-	22,662	135,410
Director of Function (Council Business) / Monitoring Officer		91,601	-	18,412	110,013
Director of Function (Resources) & S151		101,101	-	20,321	121,422
Director of Social Services		101,101	-	20,321	121,422
Director of Education, Skills and Young People		101,101	-	20,321	121,422
Head of Profession: HR & Transformation	2	70,446	-	13,570	84,016
Head of Digital, Performance & Modernisation	2	18,148	-	3,648	21,796
Head of Human Resources, Communication and Customer Experience	2	18,148	-	3,648	21,796
Head of Service: Housing		90,015	-	18,093	108,108
Head of Regulation and Economic Development		90,015	-	18,093	108,108
Head of Service: Adult Services		90,015	-	18,093	108,108
Head of Service: Highways, Waste & Property		90,015	-	18,093	108,108
Total		1,110,495	-	222,619	1,333,114

¹ The Returning Officer element of the Chief Executive's salary is £170 and is not included in the figures above.

² The Head of Profession: HR & Transformation left their post on 31/12/2025 and the post was superseded by two new posts, Head of Digital, Performance & Modernisation and Head of Human Resources, Communication & Customer Experience with both officers commencing on 19/01/2026.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2025/26 is 4.39:1 (4.39:1 in 2024/25). The median salary for all employees in 2025/26 is £31,022 (£30,060 in 2024/25). This is the salary at the mid-point of all employees' salaries, from lowest to highest.

Comparative figures for 2024/25 are shown in the following table: -

Senior Officer Remuneration 2024/25	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	131,823	-	26,496	158,319
Deputy Chief Executive		109,252	-	21,960	131,212
Director of Function (Council Business) / Monitoring Officer		88,761	-	17,841	106,602
Director of Function (Resources) & S151		97,966	-	19,691	117,657
Director of Social Services		97,966	-	19,691	117,657
Director of Education, Skills and Young People	2	89,802	-	18,050	107,852
Director of Education, Skills and Young People	2	7,637	-	1,535	9,172
Head of Profession: HR & Transformation		87,224	-	17,532	104,756
Head of Service: Housing		87,224	-	17,532	104,756
Head of Regulation and Economic Development		87,224	-	17,532	104,756
Head of Service: Adult Services		87,224	-	17,532	104,756
Head of Service: Highways, Waste & Property		87,224	-	17,532	104,756
Total		1,059,327	-	212,924	1,272,251

¹ The Returning Officer element of the Chief Executive's salary is £3,937 and is not included in the figures above.

² The Director of Education, Skills & Young People left the council's employment on 28/02/25 and new Director commenced on 03/03/25.

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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
							£'000	£'000
£0 - £20,000	2	10	6	4	8	14	85	65
£20,001 - £40,000	5	2	3	5	8	7	241	216
£40,001 - £60,000	-	-	3	-	3	-	140	-
£60,001 - £80,000	1	-	1	-	2	-	123	-
£80,001 - £100,000	1	-	-	-	1	-	98	-
£100,001 - £250,000	-	-	-	-	-	-	-	-
Total	9	12	13	9	22	21	687	281

In accordance with requirements, exit costs which the Council were committed to incurring at the 31 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.

NOTE 29 – EXTERNAL AUDIT FEES

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

	2025/26 £'000	2024/25 £'000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	236	236
Fees payable to Audit Wales in respect of statutory inspections	117	97
Fees payable to Audit Wales for the certification of grant claims and returns for the year	76	80
Total	429	413

NOTE 30 – GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26 and 2024/25 as follows: -

	Note	2025/26 £'000	2024/25 £'000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	12	110,784	102,245
Other (non ring fenced Government Grants)		-	1,035
Capital Grants and Contributions		13,758	20,453
Non-Domestic Rates AEF (NDR)	12	25,097	25,341
Grant - HRA (Capital Grants and Contributions)		12,179	17,430
Total		161,818	166,504
Credited to Services			
Grants:			
Post-16 Grant (Education)		3,331	3,326
Local Authority Education Grant (includes Education Improvement and Pupil Development Grants)		10,704	11,365
Children and Communities Grant (Children's Services)		4,016	3,425
Concessionary Fares Grant		504	521
Housing Benefit Subsidy		10,061	12,575
Housing Support Grant		4,381	3,899
Environment and Sustainable Development Grant		462	464
Levelling Up Fund		6,598	5,032
Integrated Care Fund		1,788	2,184
Total		41,845	42,791
Covid Related Grants			
Covid Local Government Single Emergency Hardship Fund:			
NDR Relief Grant		-	18
Total		-	18
Other Grants:			
Education, Skills and Young People		1,555	3,251
Adult Services		3,211	2,002
Children's Services		2,050	1,971
Housing		2,479	3,400
Highways, Property and Waste		5,473	2,352
Economic Development and Regulatory		3,994	6,922
Corporate Transformation		442	520
Resources		2,585	2,010
Council Business		69	77
Corporate and Democratic		565	1
Corporate Management		10	10
Corporate Finance		-	63
Housing Revenue Account		116	167
Total		22,549	22,746
Contributions:		9,832	10,350
Total grants and contributions credited to services		74,226	75,905
Total		236,044	242,409

Revenue Grants Received in Advance

Revenue Grants Received in Advance	2025/26 £'000	2024/25 £'000
Education, Skills and Young People	42	185
Economic Development and Regulatory	313	693
Highways, Waste & Property	186	-
Housing	61	3
Social Services	9	23
Corporate Transformation	19	30
Rate Relief	8	8
Total	638	942

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	2025/26 £'000	2024/25 £'000
Welsh Government Capital Grants and Contributions Received in Advance:		
Long-term		
North Wales Economic Ambition Board	-	1,349
Short-term		
Contaminated Land	17	17
Sites & Premises	2	-
Childcare Offer	121	121
Green Recovery Grant	71	71
Connecting Care	52	
Electric Vehicle Infrastructure	131	166
Low Carbon Heat Grant	679	494
Flood Schemes	40	
North Wales Economic Ambition Board	-	3,846
Additional Learning Needs	-	153
Other	22	98
Capital Grants and Contributions Received in Advance from other Organisations:		
Housing Revenue Grant	164	84
Shared Prosperity Fund	1	-
Levelling Up Fund	2,159	6,794
Sports Wales	67	177
Pride in Place Impact Fund	750	
Other	-	141
Total	4,276	13,511

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 and Pooled Budgets. A list of stakeholder representation with third party organisations can be found under Appendix 1.

Members - Members are responsible for the direct control of the policies of the Council. The total Members’ allowances paid during the year 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 Councilors, sit on the various committees and forums that are responsible for them.

Senior Officers - Senior Officers’ remuneration totals can be seen under Note 27. 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.

A summary of transactions with related parties are as follows:

	2025/26 £'000	2024/25 £'000
Payments made	11,329	10,249
Payments Received	928	5,139
Amounts owed by the Council	1,941	6,280
Amounts owed to the Council	1,939	15,808

A summary of the individual organisations which have transactions with the Council in excess of £10k:

Body	Relationship	Payments Made £'000	Payments Received £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
2025/26					
Holyhead Maritime Museum	Member has declared an interest	24	-	126	-
Seiriol Community Alliance	Member has declared an interest	10	-	-	-
Llanddaniel Community Council	Member has declared an interest	11	-	-	-
Bryngwran Community Council	Member has declared an interest	10	-	-	-
Llangefni Youth Football Club	Member has declared an interest	8	13	-	4
Action For Children	Member has declared an interest	326	-	40	-
Valley Parish Council	Member has declared an interest	12	-	-	-
Cymell Ltd	Member has declared an interest	279	12	27	2
Urdd Gobaith Cymru	Member has declared an interest	6	23	1	7
Holyhead Town Council	Member has declared an interest	734	-	1	14
Mencap	Member has declared an interest	50	1	1	-
Conwy County Borough Council	Member has declared an interest	485	101	111	122
North Wales Advice & Advocacy Association	Member has declared an interest	74	-	5	-
Cyngor Gwynedd Council	Member has declared an interest	8,760	728	1,594	1,769
Trearddur Community Council	Member has declared an interest	10	-	-	-
Hwb Cybi	Member has declared an interest	15	-	-	-
Antur Waunfawr	Officer has declared an interest	14	-	2	-
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	125	-	22	-
Bangor University	Member appointed by the Council to be a representative	14	59	27	26
Betsi Cadwaladr University Health Board	Member appointed by the Council to be a representative	1,440	5,145	942	7,030
Cwmni'r Frân Wen	Member appointed by the Council to be a representative	-	-	24	-
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	509	14	182	-
Medrwn Môn	Member appointed by the Council to be a representative	479	32	28	2
Menter Môn	Member appointed by the Council to be a representative	552	46	-	95
North Wales Housing Association	Member appointed by the Council to be a representative	23	-	-	-
North Wales Police	Member appointed by the Council to be a representative	8	107	12	66
Welsh Local Government Association	Member appointed by the Council to be a representative	136	833	-	369
2024/25					
Welsh Joint Education Committee	Member has declared an interest	404	-	185	-
Cyngor Cymdeithas Llanbadrig	Member has declared an interest	30	-	-	1
Aberffraw Football Club	Member has declared an interest	18	1	-	1
Llangefni Youth Football Club	Member has declared an interest	20	-	2	-
Action For Children	Member has declared an interest	271	-	12	-
Valley Parish Council	Member has declared an interest	11	-	-	-
Age Cymru Gwynedd a Môn	Member has declared an interest	88	-	5	-
Cymell Ltd	Member has declared an interest	249	13	20	2
Urdd Gobaith Cymru	Member has declared an interest	46	16	1	6
Bwyd Da Môn CBC	Member has declared an interest	23	-	-	-
Menai Bridge Town Council	Member has declared an interest	30	-	-	-
Mencap	Member has declared an interest	89	1	4	1
Conwy County Borough Council	Member has declared an interest	555	3	193	78
North Wales Advice & Advocacy Association	Member has declared an interest	-	-	18	-
Cyngor Gwynedd Council	Member has declared an interest	5,765	394	4,429	8,427
The Church in Wales	Member has declared an interest	-	45	-	27
Canolfan Ucheldre	Member has declared an interest	19	-	-	-
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	95	-	-	-
Bangor University	Member appointed by the Council to be a representative	35	23	-	19
Betsi Cadwaladr University Health Board	Member appointed by the Council to be a representative	1,334	3,813	755	7,015
Cwmni'r Frân Wen	Member appointed by the Council to be a representative	13	-	12	-
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	292	181	123	12
Medrwn Môn	Member appointed by the Council to be a representative	89	-	414	5
Menter Môn	Member appointed by the Council to be a representative	529	125	104	112
North Wales Housing Association	Member appointed by the Council to be a representative	23	10	-	-
North Wales Police	Member appointed by the Council to be a representative	19	46	-	82
Welsh Local Government Association	Member appointed by the Council to be a representative	145	448	-	3

Welsh 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 is 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.

INTERESTS IN COMPANIES

The Council has interests in the following companies:-

The Isle of Anglesey Charitable Association (Y Gymdeithas) - The Isle of Anglesey Charitable Association, previously the Isle of Anglesey Charitable Trust, was established by the Isle of Anglesey Borough Council, a forerunner of the County Council, to administer investments purchased from monies received from Shell (UK) Limited when the company ceased to operate an Oil Terminal on Anglesey. The Association is now a separate legal entity with the same charitable purposes as the Isle of Anglesey Charitable Trust.

The Association is governed by a Membership of all of the Council's elected members in an ex-officio capacity, and a Board of 12 Trustees, six elected from the Membership, with the remaining six (including the Chair) appointed independently from the wider community.

The objectives of the Association are to provide amenities and facilities for the general public benefit of persons resident in the Isle of Anglesey. This is achieved by contributing towards spending on public services and by making grants to charitable and voluntary organisations.

The Council received £35k from the Association towards the running costs of Oriel Ynys Môn (£93k in 2024/25).

Porthladd Rhydd Ynys Môn Limited - This company was incorporated in November 2024 to run the free port at Holyhead. Currently, the Council is the only shareholder for this company with the Chief Executive listed as the Director. It is expected that this will change during the next financial year to include other companies. The Council received a grant from Welsh Government of £250k in 2025/26 (£301k in 2024/25) to develop an Outline and Final Business Case for the establishment and development of the free port.

Once the company is operational, it will receive payments from land owners of land designated as tax sites/locations. The Council will receive the value of the tax from the developments from the Welsh Government for a number of years, some of this income will be used to fund the company's running costs. If the value of the taxes received is greater than the financial need of the company, the excess will be used by the Council to fund projects in-line with the free port's objectives. In addition, the Council will also receive a capital grant with the aim to attract companies on to the Island.

The Council also has interests in the following company:-

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 £729k at 31 March 2026 (£770k at 31 March 2025), 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

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.

2025/26	2025/26 Income £'000	2025/26 Expenditure £'000	2025/26 Assets £'000	2025/26 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund - Unaudited	22	-	939	-
Anglesey Further Education Trust Fund - Unaudited	178	159	3,375	28

2024/25	2024/25 Income £'000	2024/25 Expenditure £'000	2024/25 Assets £'000	2024/25 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund - Heb eu harchwilio	25	-	807	-
Anglesey Further Education Trust Fund - Final accounts	198	160	3,395	9

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 2024/25 which can viewed using the below link.

[Chyfrifon Drafft Ymddiriedolaeth Addysg Bellach](#)

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 2026 were £939k (£807k at 31 March 2025).

The current final unaudited accounts for the trust relate to 2025/26 which can viewed using the below link.

[Penderfyniad Gronfa Degwm](#)

Minor Trusts

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

Minor Education Trusts	2025/26 Assets £'000	2024/25 Assets £'000
Amlwch		
Sir Thomas Jones and feeder schools	-	1
Mrs Dilys Evans BA	2	2
Mr Caradoc Evans MSc	2	2
Holyhead		
Stanley Scholarship	16	14
Menai Bridge		
F C Baines AP	38	35
Others		
Llanynghenedl War Heroes	2	7
John Williams-Hughes	4	3
Anwen Williams	7	6
Total Minor Education Trusts	71	70

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 2026 was £1.256m (£1,023m at 31 March 2025). This value is not included in the Council balance sheet as the funds do not belong to the Council.

NOTE 33 - TEACHER'S 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 2025/26, the Council paid £8.725m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.62% of pensionable pay (£8.530m and 28.47% in 2024/25).

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 which provides defined benefits and 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. 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: -

	2025/26 £'000	2024/25 £'000
Service cost comprising:		
Current service cost	7,504	10,075
Losses on settlements or curtailments	160	242
Total Service cost	7,664	10,317
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	18,737	17,843
Interest on the effect of the asset ceiling	8	3,451
Interest Income on scheme Assets	(26,443)	(20,841)
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	(34)	10,770
Return on Plan Assets (excluding amounts included in net interest expense)	(22,028)	1,958
Actuarial losses / (gains) arising on changes in demographic assumptions	(9,194)	(643)
Actuarial losses / (gains) arising on changes in financial assumptions	(8,442)	(61,449)
Other	27,510	(3,616)
Impact of the Asset Ceiling	173,789	(74,595)
Total re-measurement of net defined benefit liability - Asset	161,635	(138,345)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	161,601	(127,575)
Reversal of net charges made for retirement benefits in accordance with the code	(12,349)	(982)
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	12,315	11,752
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	(34)	10,770

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 2026.

Amounts included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31 March 2026 £'000	31 March 2025 £'000
Present Value of Scheme Assets	505,052	450,508
Present Value of Scheme Liabilities	(340,303)	(311,422)
Present Value of Scheme Liabilities - Unfunded	(9,107)	(9,259)
Net Asset/(liability) arising from defined obligation	155,642	129,827

Reconciliation of Present Value of the Scheme Liabilities

	2025/26 £'000	2024/25 £'000
Balance as at 1 April	320,681	367,789
Adjustment to opening balance to amend NWEAB	(169)	-
Current service cost	7,504	10,075
Interest cost	16,717	17,843
Contributions from scheme participants	3,817	3,624
Remeasurement losses / (gains)	9,874	(65,708)
Past service costs	160	242
Estimated unfunded benefits paid	(975)	(1,022)
Estimated benefits paid	(12,426)	(12,162)
Effect of business combinations and disposals	4,227	-
Balance as at 31 March	349,410	320,681

Reconciliation of Present Value of the Scheme Assets

	2025/26 £'000	2024/25 £'000
Opening Fair Value of Scheme Assets as at 1 April	450,507	428,411
Adjustment to opening balance to amend NWEAB 2021/22	(293)	-
Interest Income	26,443	20,841
Return on plan assets (excl. net interest expense)	22,028	(1,958)
Other Experience	(2,020)	-
Contributions by members	3,817	3,624
Contributions by employer	12,315	11,752
Contributions in respect of unfunded benefits	975	1,021
Unfunded benefits paid	(975)	(1,021)
Benefits paid	(12,426)	(12,163)
Effect of business combinations and disposals	4,681	-
Balance as at 31 March	505,052	450,507

c) Fair Value of Scheme Assets

The table below shows the categorisation of equities and other investments between the Prices Quoted in Active Markets and Prices Not quoted in Active Markets and the percentage of each type of investments. The investment fund managers vary the investments to achieve the best returns in secure investments.

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 :-

	2025/26 Prices Quoted in Active Markets £'000	2025/26 Prices not quoted in Active Markets £'000	2025/26 Percentage of Total Assets £'000	2024/25 Prices Quoted in Active Markets £'000	2024/25 Prices not quoted in Active Markets £'000	2024/25 Percentage of Total Assets £'000
Cash and cash equivalents	-	7,918	2%	-	4,916	1%
Private Equity	-	23,297	5%	-	23,140	5%
Investment Funds and Unit Trusts						
Equities	-	245,943	49%	-	239,467	53%
Bonds	-	173,731	34%	-	131,455	29%
Infrastructure	-	29,623	6%	-	27,032	6%
Other	-	-	-	-	-	0%
Real Estate						
UK Property	-	24,540	5%	-	24,498	6%
Overseas property	-	-	0%	-	-	-
Derivatives	-	-	-	-	-	-
Total Value – All Assets	-	505,052	100%	-	450,508	100%
Total Value of Active and Non-Active Assets		505,052			450,508	

ch) Scheme History

Analysis of scheme assets and liabilities: -

	31 March 2026 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Fair Value of Assets in pension scheme	505,052	450,508	428,411	383,797	397,617
Present Value of Defined Benefit Obligation	(349,410)	(320,681)	(367,789)	(363,983)	(518,816)
(Deficit)/Asset in the Scheme	155,642	129,827	60,622	19,814	(121,199)

The analysis of scheme assets and liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. For 2025/26 there is a present value of defined benefit obligations of £349.410m 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 £505.052m which is higher than the present value of the defined benefit obligations of £349.410m. This resulted in a net asset position excluding unfunded benefits of £155.642m. Under accounting rules (IFRIC14) the council is not allowed to show a net pension asset on the balance sheet due to restrictions on the pensions fund.

The Council has applied a net asset ceiling of £173.789m which will bring the asset to nil on the balance sheet on page 17. However, unfunded obligations cannot be offset against the net pension asset for the purposes of the asset ceiling. Therefore, the net pension liability on the balance sheet is £9.107m despite the positive performance of the pension fund in 2025/26.

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

	2025/26	2024/25
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	21.0 years	20.7 years
Women	23.7 years	23.5 years
<i>Longevity at 65 for future pensioners:</i>		
Men	22.2 years	21.8 years
Women	25.4 years	25.3 years
Inflation/Pension Increase Rate	3.0%	2.8%
Salary Increase Rate	3.5%	3.3%
Expected Return on Assets	10.7%	4.4%
Rate for discounting scheme liabilities	6.2%	5.8%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	65.0%

dd) Sensitivity Analysis

Change in assumptions as at 31 March 2026	Approximate % increase to employer	Approximate Monetary Amount £'000
0.1% decrease in real Discount Rate	2%	5,732
1 year increase in member life expectancy	4%	13,976
0.1% increase in the Salary Increase Rate	0%	314
0.1% increase in the Pension Increase Rate (CPI)	2%	5,412

The sensitivity analysis above 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% decrease in the real discount rate due to potential market changes which could decrease the fund's liabilities by £5.732m. A one-year increase in member life expectancy could increase liabilities by £13.976m. 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 £314k. A 0.1% increase in the pension rate could increase liabilities by £5.412m. 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.

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 2026.

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 £164.749m 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 shows the £9.107m balance on unfunded obligations in accordance with the rules.

f) Estimated contributions to be paid to Gwynedd Pension Fund in 2026/27

The Council anticipates paying £10.318m contributions to the scheme in 2026/27. The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2025/26 as at 31 March 2026 is £1.330m and is included in the short-term creditors' disclosure note.

ff) Uncertainty about the potential impact of the Virgin Media case in relation to changes to member's benefits between 1996 and 2016

In June 2023, the High Court found in the Virgin Media case, that changes to member benefits in contracted out defined benefits pension schemes between 1996 and 2016, were void if an actuarial certificate was not completed in accordance with section 37 of the Pension Schemes Act 1993. This applies to past service rights and future service rights and to changes to the detriment of benefit scheme members. The judgement was appealed in June 2024 but the appeal was dismissed. The actuary for the Gwynedd Pension Fund which includes the Isle of Anglesey County Council pensions, has confirmed that there is considerable uncertainty about whether this ruling will impact on the Local Government Pensions Scheme.

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 2026. 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. The fair value would be the price to sell the financial assets on 31 March 2026.

Financial Assets	Short-term				Long-term				Total			
	31/03/2026		31/03/2025		31/03/2026		31/03/2025		31/03/2026		31/03/2025	
	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 assets held at amortised cost												
Cash and cash equivalents												
Cash and cash equivalents - deposits	19,788	19,788	5,965	5,965	-	-	-	-	19,788	19,788	5,965	5,965
Other Cash and cash equivalents	446	446	606	606	-	-	-	-	446	446	606	606
Other Short-term Investments	-	-	7,000	7,000	-	-	-	-	-	-	7,000	7,000
Total Investments	20,234	20,234	13,571	13,571	-	-	-	-	20,234	20,234	13,571	13,571
Debtors												
Rents	421	421	367	367	-	-	-	-	421	421	367	367
Employee Loans	194	194	334	334	14	14	14	14	208	208	348	348
Trade Debtors	2,972	2,972	2,535	2,535	-	-	-	-	2,972	2,972	2,535	2,535
Deferred Income	-	-	-	-	2,155	2,155	1,611	1,611	2,155	2,155	1,611	1,611
Housing Benefits Overpayments	171	171	171	171	-	-	-	-	171	171	171	171
Other debtors	3,550	3,550	4,367	4,367	-	-	-	-	3,550	3,550	4,367	4,367
Total Financial Assets - Debtors	7,308	7,308	7,775	7,775	2,169	2,169	1,625	1,625	9,478	9,478	9,400	9,400
Total Financial Instruments	27,542	27,542	21,346	21,346	2,169	2,169	1,625	1,625	29,712	29,712	22,971	22,971
Assets not Defined as Financial Instruments	49,202	49,202	61,374	61,374	627,114	627,114	594,717	594,717	676,315	676,315	656,092	656,092
Total Assets	76,744	76,744	82,720	82,720	629,283	629,283	596,342	596,342	706,027	706,027	679,062	679,062

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 in fixed term deposits at a higher interest rates. 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. The note also shows the value of non-financial liabilities.

The Council's borrowing liabilities amounted to £123.556m at 31 March 2026. 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 2027. 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 £96.493m, lower than the carrying value on the Balance Sheet of £123.556m at 31 March 2026. The fair value of the assets is £27.063m 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			
	31/03/2026		31/03/2025		31/03/2026		31/03/2025		31/03/2026		31/03/2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value Restated £'000
Financial liabilities held at amortised cost												
Borrowing												
PWLB	1,849	1,857	1,850	1,858	117,670	91,124	117,690	94,009	119,519	92,981	119,540	95,867
Salix	658	658	356	356	3,379	2,854	4,036	3,257	4,037	3,512	4,392	3,614
Total Financial Liabilities - Borrowing	2,507	2,515	2,206	2,214	121,049	93,978	121,726	97,266	123,556	96,493	123,932	99,481
Creditors												
Trade	2,302	2,302	1,957	1,957	-	-	-	-	2,302	2,302	1,957	1,957
Other Creditors	30,323	30,322	20,355	20,355	-	-	-	-	30,323	30,322	20,355	20,355
Total Financial Liabilities - Creditors	32,624	32,623	22,312	22,312	-	-	-	-	32,624	32,623	22,312	22,312
Total Financial Liabilities	35,131	35,138	24,518	24,526	121,049	93,978	121,726	97,266	156,180	129,116	146,244	121,793
Total Liabilities not defined as Financial Liabilities	21,686	21,686	33,137	33,137	12,769	12,769	13,585	13,585	34,454	34,454	46,722	46,722
Total Liabilities	56,817	56,824	57,655	57,663	133,818	106,747	135,311	110,851	190,634	163,571	192,966	168,515

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 2025/26.

Income, Expense, Gains and Losses	2025/26		2024/25	
	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)	320	-	545	-
Total net gains/losses	320	-	545	-
Interest revenue:				
Financial assets measured at amortised cost	(1,161)	-	(2,001)	-
Total interest revenue	(1,161)	-	(2,001)	-
Interest expense:				
Financial liabilities measured at amortised cost	5,385	-	5,341	-
Total Interest Expense	5,385	-	5,341	-

The table shows that the Council was charged £320k (£545k in 2024/25) 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 debtor's 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 £1.161m (£2.001m in 2024/25) in interest from its deposits in UK banks and loans to other local authorities. Interest on investments has reduced significantly as a result of the Bank of England continuing to reduce interest rates as inflation has reduced significantly. Council cash balances are also reducing at times due to cost pressures and reduced funding. Further reductions in the base rate were predicted but since December 2025, the base rate has remained at 3.75% due to caution arising from global uncertainty and conflict. Interest receivable, therefore, is likely to be lower in 2026/27 and beyond. The interest payable on borrowings relating to 2025/26 was £5.385m (£5.341m in 2024/25).

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 44 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 £15m 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 debtor's 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)	2025/26 Lifetime expected credit losses - not credit impaired £'000	2024/25 Lifetime expected credit losses - not credit impaired Restated £'000
Opening Balance as at 1 April	5,555	5,246
Deposits in UK Banks	-	-
Trade Debtors (excluding public sector and taxation)	70	289
Soft Loans	-	-
Housing Benefit Overpayments	(4)	(86)
Rents	(26)	106
Total Impairment Allowance 31 March	5,595	5,555
Financial Assets that have been derecognised	280	236
Total Impairment and Derecognition charged	320	545

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 business account and cash manager – when amounts are held in the NatWest as part of operational banking. The following amounts and limits will apply to ensure adequate cash is available to pay bills as they fall due.	F1	P-1	A-1	A+	A1	A+	1) £20m to £25m 2) £15m to £20m 3) £10m to £15m	5 working days 1 month 2 months
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

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.

	2025/26 Outstanding principal £'000	2025/26 Accrued interest £'000	2025/26 Cost less accumulated amortisation £'000	2024/25 Outstanding principal £'000	2024/25 Accrued interest £'000
>45 years	-	-	-	-	-
34-45 years	31,200	-	31,200	32,963	-
23-33 years	52,015	-	52,015	50,251	-
15-22 years	14,494	-	14,494	17,994	-
11-14 years	9,313	-	9,313	6,522	-
7-10 years	2,471	-	2,471	3,127	-
4-6 years	4,276	-	4,276	5,339	-
1-3 years	5,900	-	5,900	5,530	-
Total Long-Term Borrowing	119,669	-	119,669	121,726	-
Total Short-Term Borrowing (< 1 year)	2,037	1,850	3,887	356	1,850
Total	121,706	1,850	123,556	122,082	1,850

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 36ch 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 £175k 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	176
Impact on other Comprehensive Income and Expenditure	176
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)	(10,191)

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

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 the following link: -

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

On 31 January 2024, the Minister for Education and the Welsh Language announced that new arrangements were to be implemented in relation to school improvement. This included moving away from the regional model. Consequently, the GwE collaboration agreement ceased on 31 May 2025.

North Wales Corporate Joint Committee (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.

From 1 April 2025, the responsibility for delivering the Growth Deal in North Wales transferred from the North Wales Economic Ambition Board to the CJC. The Growth Deal is a package of funding from Central Government and the Welsh Government to deliver projects to increase sustainable and economic growth.

Isle of Anglesey Council's contribution for 2025/26 is £90k (2024/25 £77k). The Statement of Accounts can be found here:

[North Wales Corporate Joint Committee \(llyw.cymru\)](#)

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 Phases 1 & 2 – A joint arrangement since 2020/21 with Welsh Government where the Council keeps 16% of the net rental income and the remainder is transferred to the Welsh Government.

NOTE 37b POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, an informal 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 for 2025/26. Income and expenditure for these pooled budget arrangements are included for information only and have not been accrued in each partners' accounts. The transactions for Isle of Anglesey County Council only are included in the Adults Services line of the Comprehensive Income and Expenditure Statement. This amounts to £8.320m in 2025/26 (£7.126m 2024/25).

North Wales Pooled Budget for Care Homes for Older People	2025/26 £'000	2024/25 £'000
Expenditure		
Care Home Costs	147,652	136,047
Total Expenditure	147,652	136,047
Funding		
Isle of Anglesey County Council	(8,320)	(7,126)
Conwy County Borough Council	(19,835)	(18,090)
Denbighshire County Council	(13,600)	(12,423)
Flintshire County Council	(17,767)	(14,980)
Gwynedd Council	(15,282)	(13,084)
Wrexham County Borough Council	(15,975)	(16,470)
Betsi Cadwaladr University Health Board	(56,873)	(53,874)
Total Funding	(147,652)	(136,047)
(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 £917k (£777k 2024/25);

Home Improvements Empty Homes £69k (£55k 2024/25);

Town Centre Scheme £490k (£490k 2024/25);

Empty Homes Renovations Scheme £333k (£333k 2024/25).

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 was raised 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.

Low Income Band Support

The purpose of this scheme is to provide a one-off £100 support payment for eligible households in Wales to help with cost of living.

Welsh in Education Teacher Retention Bursary

This is a bursary for those who have been teaching subjects in secondary schools through the medium of Welsh for three years. This supports the Government's ambition of a million Welsh speakers by 2050 and its aim is to increase the number of Welsh and Welsh medium teachers by encouraging them to stay in the profession.

The below table includes payments made to individuals and businesses during the year and not the grant amounts claimed:

Grant Title	2025/26			
	Payments Made	Grant (Received)/Rep aid from Government	Admin Fee Received	Balance due (to)/from Welsh Government at 31 March
	£'000	£'000	£'000	£'000
Low Income Band Support	6	-	-	6
Welsh Teacher Retention Bursary	130	(130)	-	-
Homes for Ukraine	69	(70)	-	14
Total	205	(200)	-	20

2024/25

Grant Title	2024/25			
	Payments Made	Grant Received from Welsh Government	Admin Fee Received	Balance due (to)/from Government at 31 March
	£'000	£'000	£'000	£'000
Low Income Band Support	-	-	-	-
Welsh Teacher Retention Bursary	-	-	-	-
Homes for Ukraine	100	(54)	-	47
Total	100	(54)	-	47

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 2025/26 was 33,472.17 (33,170.03 in 2024/25).

The amount for a band D property in 2025/26, £2,260.73 (£1,982.09 in 2024/25), 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*	9	5/9	4.72
A	4,278	6/9	2,852.17
B	6,193	7/9	4,816.39
C	6,705	8/9	5,959.78
D	7,199	9/9	7,198.50
E	5,436	11/9	6,644.31
F	2,767	13/9	3,996.78
G	1,129	15/9	1,880.83
H	181	18/9	362.00
I	58	21/9	135.33
Total			33,850.81

The Council Tax Base is calculated as follows:-

	2025/26	2024/25
Band D equivalent as above	33,850.81	33,544.06
Collection Rate	98.50%	98.50%
Revised Band D equivalent	33,343.05	33,040.89
MoD Properties – Band D equivalent	129.13	129.14
Council Tax Base	33,472.18	33,170.03

Analysis of the net proceeds from Council Tax:	2025/26 £'000	2024/25 £'000
Gross Council Tax	73,411	67,924
Add/Less: provision for non-payment not required or not previously accounted for	(353)	(317)
Council Tax collectable	73,058	67,607
Less Council Tax Reduction awarded to residents	7,308	(6,729)
Net Proceeds from Council Tax	80,366	60,878

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. £7.308m of Council Tax reductions were awarded in 2025/26 (£6.729m in 2024/25).

NOTE 40 – NON-DOMESTIC RATES (NDR)

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 the 1 April 2023. 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 – 56.8p in 2025/26 (56.2p in 2024/25), 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 £13.810m for 2025/26 (£15.258m in 2024/25) and was based on rateable value at the year-end of £41.252m (£41.889m in 2024/25).

Analysis of the net proceeds from non-domestic rates:	2025/26 £'000	2024/25 £'000
Non-domestic rates collectable	13,810	15,258
Cost of collection allowance	(186)	(189)
Interest paid on overpayments	(13)	(3)
Provision for bad debts	(118)	(142)
Contribution to cost of charitable relief	89	64
Retail, Leisure and Hospitality Business Rates Relief Scheme met from grant	1,837	1,384
High Street and Retail Relief met from grant	-	-
Payments into national pool	15,419	16,372
Redistribution from national pool	25,097	25,341

NOTE 41 – CONTINGENT LIABILITIES

Waste Recycling Targets

Welsh Government, in a bid to increase recycling, have issued waste recycling targets for Local Authorities for several years. Failure to reach those targets will result in a fine for those Councils, with the penalty charged at £200 for every tonne above target. Isle of Anglesey's waste recycling target was missed for 2022/23, 2024/25 and 2025/26. The Welsh Government can decide not to impose these fines.

Public Liability Claim against Isle of Anglesey County Council's Predecessor

Due to the current circumstances surrounding a former headteacher of schools in Gwynedd, Gwynedd Council is assessing and considering the potential public liability claims against the Council and its predecessor. In the event that Gwynedd Council has to settle claims relating to events prior to 31 March 1996, Isle of Anglesey Council may have to make a contribution, at a previously agreed rate, to cover policy excesses and any liabilities not covered by insurance policies taken out by the former Gwynedd County Council. Gwynedd Council hold an earmarked reserve to meet the costs of claims in respect of the former Gwynedd County Council and Isle of Anglesey Council would only have to make a contribution in the event that this reserve is insufficient to meet any costs that have to be funded by the Council.

NOTE 42 – CONTINGENT ASSETS

Legal Charges

The Council retains a number of legal charges over privately owned residential properties, where it provided support to the buyers under schemes for assisted home purchase, with the Council being entitled to a share of proceeds on the sale of the properties. The actual amount that will be received will vary, dependent upon both the selling prices of individual properties and the nature of any other legal charges against them which may take precedence over the Council's. The timing of any receipts is dependent upon the occurrence of sale.

Financial Assessments

There has been a delay in the completion of financial assessments of Social Services service users. These assessments determine how much, above the minimum charge, the service users pay for their care. As these assessments have not been completed, some service users are yet to start paying for their care.

NOTE 43 – LEASING

NOTE 43a – RIGHT OF USE ASSETS

	2025/26			2024/25		
	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Balance at 1 April	1,628	229	1,857	1,401	142	1,543
Adjustments to prior year	45	-	45	-	-	-
Additions	1,160	115	1,275	527	159	686
Revaluations	223	-	223	-	-	-
Depreciation and Amortisation	(375)	(91)	(466)	(300)	(72)	(372)
Disposals	(101)	(84)	(185)	-	-	-
Balance at 31 March	2,580	169	2,749	1,628	229	1,857

NOTE 44 – 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 2025/26 financial year and its financial position at the year-end of 31 March 2026. 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 2025/26 and the CIPFA Service Reporting Code of Practice 2025/26, 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 2026. 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)

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.

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.

Valuation of non-current assets

Assets included in the Balance Sheet at current value must be revalued every five years to ensure that their carrying amount is materially correct. Where there is no market-based evidence of current value, the Council may estimate current value using a depreciated replacement cost approach (DRC).

New indexation rules were introduced from 1 April 2025, whereby certain assets as shown below have suitable external indices applied in years two to five in between the five-yearly valuations. The Council is required to use the best external index available when indexing assets between full valuations. The BCIS All Tender Price index (TPI) will be applied to assets valued at depreciated replacement cost (DRC) in between five-yearly valuations. CPI or CPIH 12 months March to March will be used for suitable assets. Where there is no suitable

index for assets which require indexation, the Council will revalue the given asset in year 1 and year 3 every five years.

- Other land and buildings;
- surplus assets;
- right-of-use assets measured at current value rather than on the cost basis;
- plant, vehicles and equipment (PVE) not valued at historic cost.

The Council values its Property, Plant and Equipment (PPE) assets under a five-year rolling programme. Some assets will be valued in 2025/26, with the remaining asset classes valued in line with the programme in subsequent financial years. Different asset classes will therefore be valued each year, except where annual revaluation is required, such as for investment properties. Assets valued in 2025/26 will next be revalued in 2030/31, when the valuation cycle restarts. New assets built or purchased after the scheduled valuation year for their asset class will be valued in the year they are completed or acquired, unless cost provides an appropriate basis for valuation.

A de minimis of £10k is set relating to the value of assets from the above categories of assets which should be indexed. This means that assets with a NBV less than £10k will not have indexation applied as the increase from indexation would not be material i.e. the increase would not change the true and fair view of the valuation of the relevant properties individually or in aggregate. This was tested with indices of up to 5%. If there is a significant increase in the index affecting numerous assets which might result in the de minimis causing the assets values to be materially incorrect, the de minimis value will be reassessed. The Council reserves the right not to apply the de minimis value.

In accordance with CIPFA requirements, the Council will not apply indexation to the following asset classes:

- Council dwellings as these are exempt and are revalued every five years at value in use for social housing;
- infrastructure assets as these are valued at depreciated historic cost;
- community assets unless the Council has adopted the valuation option;
- assets under construction which are valued at cost;
- heritage assets;
- investment properties which must be revalued every year;
- Non-property assets that have short useful lives or low values (or both) where authorities elect to adopt a depreciated historical cost basis for current value proxy.

For asset classes where indexation is not applied, the Council will continue to ensure that carrying values remain materially correct through the scheduled valuation approach set out above, annual impairment reviews, and consideration of any indicators of material change in value. Where there is evidence that the carrying amount of an asset may be materially misstated, including as a result of a change in use, market conditions, physical condition, obsolescence, or a decision to dispose of the asset, the Council will arrange for a valuation or impairment assessment outside the normal valuation cycle. Assets held at cost or depreciated historical cost will continue to be depreciated over their useful economic lives, with useful lives and residual values reviewed where appropriate.

Reclassification of assets – during the five-year period covered by a rolling programme of valuations, it is possible that the policy or decisions of the Council will affect the categorisation of assets or there might be a change of use of an asset. These changes could alter the valuation such as when the Council decides to sell a property and actively markets the property for sale. The property is moved to assets held for sale and this triggers a revaluation of the asset, as property assets are sold at market value which is usually higher than the value in use.

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.

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.

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: -

- Buildings excluding Council Dwellings– straight-line allocation over periods of up to 75 years, as estimated by the Valuer, however more than 75 years may be applied if the valuer deems that assets have a useful economic life that surpasses the 75 year that is typically applied.
- Council dwellings will always be calculated on straight line depreciation though the useful economic life of the dwellings within the calculation will remain at 50 due to the significant investment each year in the housing stock

- 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.

Disposals and Non-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.

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.

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.

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.

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 each year, 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 or 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

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.

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.

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.

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>	Impairment Loss Allowance
£0.01 i £49.99	10%
£50 i £99.99	20%
£100 i £249.99	30%
£250 i £499.99	45%
£500 i £999.99	60%
>£1,000	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.

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.

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.

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

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.

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.

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

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets (ROU assets) with a corresponding liability at the date from which the leased asset is available for use (or from 1 April 2024 on transition of existing leases). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The authority's incremental borrowing rate will be based on the PWLB annuity rate for the same duration as the lease term.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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.

The authority as lessor

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. All other leases are classified as operating leases.

Finance leases

Where the authority 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. 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 (ie 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.

Operating leases

Where the authority 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 or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg 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

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.

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.

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.

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.

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.

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.

SUPPLEMENTARY FINANCIAL STATEMENT

HOUSING REVENUE ACCOUNT (HRA)

Income and Expenditure Statement for the year ended 31 March 2026

	2025/26 £'000	2024/25 £'000
<u>Expenditure</u>		
Management and Maintenance - Repairs and Maintenance	6,417	6,183
Management and Maintenance - Supervision and Management	6,878	6,508
Rents, Rates, Taxes and Other Charges	133	102
Depreciation, Impairment and Revaluation Losses of Non-current Assets	3,696	3,700
Debt Management Costs	12	12
Movement in the Impairment Allowance for Bad Debts	(15)	153
Movement in the Accumulated Absences Accrual	16	(76)
Accounting Adjustment IAS19	(486)	(120)
Total Expenditure	16,651	16,462
<u>Income</u>		
Dwelling Rents	(23,067)	(22,184)
Non-dwelling Rents	(266)	(264)
Charges for Services and Facilities	(264)	(176)
Contributions towards Expenditure	(212)	(292)
Other	(116)	(167)
Total Income	(23,925)	(23,083)
Net Expenditure of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement	(7,274)	(6,621)
HRA Services' Share of Corporate and Democratic Core	89	56
Net Expenditure of HRA Services	(7,185)	(6,565)
HRA Share of the Operating Income and Expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
(Gain) / loss on sale of HRA Non-current Assets	-	211
Pension net interest cost	(600)	27
Interest Payable and Similar Charges	1,344	1,380
Interest and Investment Income	(162)	(385)
Capital Grants and Contributions receivable:		
- Major Repairs Allowance	(3,581)	(3,816)
- Other	(8,598)	(13,614)
Surplus for the Year on HRA Services	(18,782)	(22,762)

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

	2025/26 £'000	2024/25 £'000
Balance on the HRA at the end of the Previous Reporting Period	(7,977)	(8,189)
(Surplus)/Deficit for the Year on HRA Services	(18,782)	(22,762)
Adjustments between Accounting and Funding Bases under Statute	23,696	22,974
Net (increase)/decrease before Transfers to/from Reserves	4,914	212
Transfers to/(from) Earmarked Reserves	-	-
Net (Increase)/Decrease in Year on the HRA	4,914	212
Adjustment to Reserve	-	-
Balance on the HRA at the end of the Current Reporting Period	(3,063)	(7,977)

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

As at 31 March 2026, the number of dwellings was 4,026, which is an increase of 46 properties from the year 2024/25. The breakdown by type of dwelling is as follows:

	31 March 2026	31 March 2025
Council Owned Stock		
Houses	2,162	2,137
Bungalows	1,069	1,065
Flats	787	770
Bedsits	8	8
Total Council Owned Stock	4,026	3,980

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2025/26 £'000	2024/25 £'000
Capital Expenditure		
Land	593	1,388
Dwellings	22,281	24,496
Other - Disabled Facilities and Adaptations	499	474
Other - Office Buildings	-	229
Other - Social Care Facilities	1,209	909
Other - Garages	163	103
Other - Vehicles	369	-
Other - Car Parking Areas	-	99
	25,114	27,698
Sources of funding		
Government grants and other contributions	(12,179)	(17,430)
Capital receipts		(1,141)
Direct Revenue Financing	(12,935)	(9,127)
Total Funding	(25,114)	(27,698)

The Major Repairs Allowance for 2025/26 of £3.581m was used in full during the year (£3.816m in 2024/25).

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

	2025/26 Revaluation £'000	2025/26 Depreciation £'000	2025/26 Total £'000	2024/25 Revaluation £'000	2024/25 Depreciation £'000	2024/25 Total £'000
Land	-	-	-	-	-	-
Dwellings	-	3,240	3,240	-	3,261	3,261
Other Property - Operational Assets	(16)	448	432	-	418	418
	(16)	3,688	3,672	-	3,679	3,679

NOTE 5 – CAPITAL RECEIPTS

There were no capital receipts in 2025/26. Five dwellings were sold in 2024/25 with £632k capital receipts, which was utilised in full to fund the capital programme in 2024/25.

NOTE 6 – RENT ARREARS AND IMPAIRMENT LOSS ALLOWANCE

During 2025/26, total rent arrears increased by £9k. A summary of rent arrears is shown in the following table:

Rent Arrears	2025/26 £'000	2024/25 £'000
Current Tenant Arrears	730	786
Former Tenant Arrears	326	261
Total Rent Arrears	1,056	1,047

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £745k against rents (£771k in 2024/25).

NOTE 7 – 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: -

Pensions	2025/26 £'000	2024/25 £'000
Current service cost included in movement in reserves statement		
IAS19 current service cost	531	673
Impact of pension fund business combinations and disposals	(35)	-
Unfunded costs	76	73
Contributions in respect of undunded benefits paid	(76)	-
Total IAS19 service costs	496	746
Less: actual employer's contributions	(981)	(866)
Movement to pensions reserve	(485)	(120)
Current service cost included in movement in reserves statement	485	120
Pension net interest cost	(600)	(27)
Pension net interest cost included in movement in reserves statement	600	27
Total impact on usable reserve	-	-

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Anglesey Access Group	Liz Wood
Anglesey Agricultural Show	Dafydd Roberts
Anglesey and Gwynedd Community Safety Partnership	Carwyn Jones
Anglesey Citizen's Advice Bureau (CAB)	Robin Wyn Williams
Anglesey Language Forum	Gwilym O Jones, Gary Pritchard, Arfon Wyn, Dafydd Roberts
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Paul Ellis, John Ifan Jones, Pip O'Neill, Alun Roberts, Dafydd Rhys Thomas
Betsi Cadwaladr Stakeholder Reference Group	Neville Evans
Champion for Additional Learning Needs	Arfon Wyn
Champion for Adults Safeguarding	Neville Evans
Champion for Carers	Trefor Lloyd Hughes MBE
Champion for Children and Young People	Llio Angharad Owen
Champion for Children in Care	Dyfed Wyn Jones
Champion for Climate Change	Geraint ap Ifan Bebb
Champion for Equalities & Diversity	Alun Roberts
Champion for Members	Dylan Rees
Champion for Scrutiny	Jeff M Evans, Dylan Rees
Champion for the Armed Forces	Glyn Haynes
Court of Governors, Bangor University	Dafydd Roberts
Cwmni Frân Wen	Gary Pritchard
Cyngor Llyfrau Cymru	Dafydd Roberts
Destination Anglesey Partnership (DAP)	Alun Roberts
Fostering Panel	Gary Pritchard
Friendly Age Champion	Gwilym O Jones
Grŵp Llandrillo/Menai	Dafydd Roberts
GwE Joint Committee	Dafydd Roberts
Gwynedd & Anglesey Adoption Panel	Alun Roberts

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Gwynedd & Anglesey Youth Justices Service	Dyfed Wyn Jones
Gwynedd Pensions Fund Committee (Gwynedd Council)	Robin Wyn Williams
Liaison Council for Wales	Carwyn Jones, Robin Wyn Williams
Medrwn Môn	Gary Pritchard
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Ieuan Williams
Menter Môn	Gary Pritchard
North and Mid Wales Trunk Road Joint Committee	Ieuan Williams
North Wales Community Health Council (Anglesey Local Committee)	Non Dafydd, Jeff M Evans
North Wales Economic Ambition Board	Gary Pritchard
North Wales Fire and Rescue Authority	Jeff M Evans, John Ifan Jones, Dylan Rees
North Wales Fire and Rescue Authority Audit Committee	Jeff M Evans
North Wales Fire and Rescue Authority Executive Panel	John Ifan Jones, Dylan Rees
North Wales Housing Association	Carwyn Jones
North Wales Police and Crime Panel	Non Dafydd
North Wales Regional Leadership Board (Care & Wellbeing)	Gary Pritchard
North Wales Regional Waste Plan Review Steering Group	Ieuan Williams
North Wales Residual Waste Treatment Joint Committee	Nicola Roberts, Ieuan Williams
North Wales Tourism Partnership	Alun Roberts
Owen Lloyd Penrhoslligwy Educational Trust	Margaret Murley Roberts
Public Service Board (Anglesey & Gwynedd)	Gary Pritchard
Regional Partnership Board (Part 9 Social Services & Wellbeing Act Wales 2014)	Neville Evans, Dyfed Wyn Jones
Safer North Wales Partnership Board	Carwyn Jones
The Harbour Trust, Caernarfon	Alun Roberts
Voluntary Sector Liaison Committee	Jeff M Evans, Gwilym O Jones, Jackie Lewis, Keith Roberts, Arfon Wyn

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Welsh Local Government Association	Gary Pritchard, Robin Wyn Williams
Wylfa Site Stakeholder Group	Kenneth Hughes, Aled Morris Jones, Gwilym O Jones, Jackie Lewis, Llio Angharad Owen, Derek Owen, Liz Wood

GLOSSARY

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

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

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will 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 BORROWING

Council borrows money to fund part of its capital programme. This borrowing is funded by Welsh Government as part of its calculation of the 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:	16 July 2026
Subject:	Draft Annual Governance Statement (AGS)
Head of Service:	Huw Ynyr Head of Digital, Performance and Modernisation HuwYnyr@anglesey.gov.wales
Report Author:	Gwyndaf Parry Strategic Performance and Projects Manager GwyndafParry@anglesey.gov.wales Alwyn Williams Corporate Business and Performance Analyst AlwynWilliams@anglesey.gov.wales
Nature and Reason for Reporting: The committee is receiving this report in line with section 3.4.8.4.2 of the ToR: 3.4.8.4.2 The Committee will review and approve the Annual Governance Statement (AGS) taking into account whether it properly reflects the risk environment and supporting assurances, including the Head of Audit and Risk's annual opinion. The Committee will determine whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.	

Introduction

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

Recommendation

4. That the Governance and Audit Committee reviews and approves the Draft Annual Governance Statement that will form part of the 2025/26 Statement of Accounts



Draft Annual Governance Statement 2025/26

Prepared by: Governance Group

Publication date: June 2026

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh

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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, including the updated guidance set out in the CIPFA/SOLACE Addendum on the Annual Governance Statement. The Council continues to review and strengthen its governance arrangements in line with evolving good practice, including the requirements of the CIPFA/SOLACE Addendum and the formation of an internal Governance Group.

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.

Political Governance

The Council was deeply saddened by the passing of two serving Elected Members, [Cllr Trevor LI Hughes](#) in November 2025, who represented the Ynys Gybi ward, and [Cllr Ken Taylor](#) in May 2026, who represented the Bro'r Llynnoedd ward. The Council's Democratic Services team enacted necessary protocols to manage these vacancies. One seat has successfully been filled by [Cllr Celfyn Furlong](#) following a local by-election, ensuring continued democratic representation for the Ynys Gybi ward, while the second seat currently remains vacant pending an upcoming by-election. Throughout this period, the Monitoring Officer and Democratic Services have ensured that political balance is actively managed and that all statutory committee quorums have been successfully maintained to ensure legally robust decision-making. There have been no changes to the committee structures over the past year.

Organisational Structure Changes

During 2025/26, the Council reviewed and strengthened its Management Team capability and capacity to better align with its strategic priorities and modernisation agenda. Following the departure of the Head of Profession for HR and Transformation, the former Transformation Service was restructured into two distinct, focused services. The new services are the 'Digital, Performance and Modernisation' service and the 'Human Resources, Communication and Customer Experience' service. This strategic realignment provides dedicated leadership capacity to drive the digital modernisation while simultaneously ensuring robust oversight of the workforce and customer engagement frameworks.

Furthermore, during the year, the Council formally transitioned its school improvement and educational support functions fully in-house, moving away from the previous regional consortium model. From a governance perspective, this strategic shift consolidates risk management and ensures that the Council's Learning Service now holds direct, localised accountability and oversight for school performance and capacity building.

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 statutory Panel Performance Assessment (PPA), which provided independent external assurance on the Council's governance, performance and capacity arrangements;
- 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 external auditors and inspectorates, including [Audit Wales](#), [Estyn](#) and [Care Inspectorate Wales \(CIW\)](#);
- the scrutiny panels on the work in relation to Finance, Education and Social Services;
- discussions 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 [Governance and Audit](#) and [Standards](#) committees and other 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 strategic plans 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 2025/26:

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 continues to uphold strong ethical standards and respect for the rule of law. These arrangements are supported by the Council's Constitution, Codes of Conduct and Standards framework, alongside ongoing updates to counter fraud strategies and constitutional arrangements to strengthen oversight. A key governance priority for the year ahead is ensuring full organisational readiness and statutory compliance with the Procurement Act 2023, which is being actively managed at a strategic level to embed consistent practices across all services. The Council continues to promote a strong organisational culture underpinned by its values, with the Panel Performance Assessment highlighting constructive member–officer relationships, a committed workforce, and positive collaborative working across the organisation.
Principle B: Ensuring openness and comprehensive stakeholder engagement	The Council demonstrates a strong commitment to openness, accessibility and active public engagement. Collaborative partnerships and public consultations continue to shape service delivery and community resilience initiatives. The Council maintains effective arrangements to ensure that residents can access information and influence decision-making, supported by performance monitoring of information requests to ensure responsiveness and transparency.
Principle C: Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	The Council's commitment to delivering sustainable economic, social, cultural and environmental benefits is clearly articulated through the Council Plan. Strategic intent remains strong, supported by whole council initiatives to streamline resident support and tackle poverty. To ensure these outcomes are fully realised, the Council is focusing on embedding the Socio-economic Duty more consistently into high-level decision-making and strengthening the use of measurable outcomes to drive service delivery. The Council Plan has been developed in line with the sustainable development principle set out in the Wellbeing of Future Generations (Wales) Act, ensuring that long-term, preventative and collaborative approaches are embedded across the organisation.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	The Council maintains a well-established performance management framework aligned to the Council Plan, ensuring that service interventions are appropriately targeted and informed by evidence. To further strengthen governance and decision-making, the Council is refining its data validation processes to ensure that the Executive and Scrutiny functions are supported by robust, high-quality information to enable effective challenge, accountability and strategic oversight.

Core Principles of the Framework	Conclusion of the assessment
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	Leadership and workforce capacity are well managed, supported by established talent and development programmes that are now embedded as business-as-usual. The Council recognises the increasing complexity of statutory data protection requirements, and a key governance priority for 2026/27 is strengthening Information Governance resilience. This includes developing sustainable capacity models for specialist statutory roles and reinforcing a culture of data security and compliance across the organisation. Workforce capacity, including recruitment, retention and leadership continuity, continues to be monitored through the Council's Strategic Risk Register, ensuring appropriate oversight and management of these strategic challenges.
Principle F: Managing risks and performance through robust internal control and strong public financial management	The Council's financial controls operate to a high standard of effectiveness. This is evidenced through post-payment audit work demonstrating high levels of transactional accuracy, alongside an unqualified opinion from Audit Wales on the annual Statement of Accounts, confirming no material weaknesses in internal controls. The Council demonstrates compliance with the CIPFA Financial Management Code. Medium-term financial resilience continues to be actively managed, including responding to the challenges of single-year funding settlements through the development of a cross-cutting Modernisation Strategic Plan, as recommended by the Panel Performance Assessment, to support long-term sustainability. Strategic risk management arrangements are well established, with the Strategic Risk Register subject to regular scrutiny by the Leadership Team and the Governance and Audit Committee. While service-level risk management arrangements are in place, some inconsistency in the review of Service risk registers has been identified, with an improvement plan in place for 2026/27.
Principle G: Implementing good practices in transparency, reporting, and audit to deliver	Accountability, transparency and reporting arrangements are robust and effective, supported by strong internal and external audit processes and a high level of management engagement in addressing identified risks and control weaknesses. Internal Audit provides established third-line assurance through its risk-based audit work and overall annual opinion. The Council's governance arrangements have also been externally validated through the statutory Panel Performance Assessment. External review has identified opportunities to further strengthen the effectiveness of the Council's Scrutiny function, and this remains a key governance priority for 2026/27. While significant progress has been made in reviewing the first and second lines of assurance, completing a comprehensive Council-wide assurance mapping framework remains a priority. During the year, the Council responded to a regulatory investigation relating to Building Control functions. Enhanced governance arrangements and oversight mechanisms have been established to ensure compliance with statutory requirements and strengthen internal control. 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 to the organisation, working closely with elected members, officers, and our regional partners. I am satisfied that our governance framework is robust, a fact validated this year by the independent assurance gained through our statutory Panel Performance Assessment. We do not, however, stand still. Local government continues to face unprecedented demand, and we are committed to addressing this through the development of a cross-cutting Modernisation Strategic Plan.

Through regular engagement with stakeholders, we have fostered a culture of open communication and continuous improvement. I am confident that our governance arrangements provide the strong foundation needed to deliver our strategic objectives, adapt to future challenges, and fulfil our responsibilities to the residents of Anglesey."

Section 151 Officer



Marc Jones
Director of Function
(Resources)

"As the Section 151 Officer, I hold statutory responsibility for overseeing the Council's financial management and ensuring the proper, efficient use of public funds.

I am pleased that the Council's core financial controls and strategic risk management frameworks continue to operate to a highly effective standard, providing a robust foundation for financial stewardship. This is evidenced by exceptionally strong transactional accuracy and the independent assurance provided by our internal and external auditors.

However, ensuring long-term financial sustainability remains a significant challenge. Highly detailed long-term financial planning continues to be inherently constrained by the reliance on single-year funding settlements from the Welsh Government, coupled with ongoing economic pressures. Despite this, I am confident that through diligent medium-term financial planning, disciplined budgetary control, and our commitment to service transformation, our governance arrangements safeguard the Council's resources and support prudent, resilient financial management."

Monitoring Officer



Lynn Ball
Director of Function
(Council Business)

"As Monitoring Officer one of my key roles is to work closely with elected members and officers to promote good governance, ensure lawful decision-making, and uphold the Constitution across the Council.

The Council maintains a robust governance framework, and we actively ensure that our working culture reflects those requirements, promoting the accountability, transparency, and integrity of our democratic processes.

This year, we have continued to refine our constitutional arrangements to ensure they remain agile and fit for purpose. Nurturing high standards of ethical behaviour and ensuring readiness for new statutory frameworks such as the Procurement Act 2023 and ongoing data protection resilience is crucial. I am satisfied that our governance arrangements provide the necessary legal and ethical safeguards to allow the Council to discharge its responsibilities effectively and lawfully."

Head of Internal Audit



Marion Pryor

"As the Head of Audit and Risk, my statutory role is to provide an independent, objective annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and control. Based on the internal audit work undertaken during the year, my formal conclusion is as follows:

'For the 12 months ended 31 March 2026, 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 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.'

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:

Governance matters identified	Lead Officer / Service / Board	Update on progress	RAYG status
1. The Council must ensure that it meets the requirements of the new Procurement Act 2023	Resources	The Council has continued to implement the Procurement Improvement Plan, despite initial challenges in recruiting to the Procurement Manager role. Interim arrangements have maintained continuity, with agency staff supporting delivery of the action plan while policies and procedures have been reviewed and updated in line with the requirements of the Procurement Act 2023. Training has also been rolled out across the Authority to strengthen staff understanding and compliance. The appointment of a permanent Procurement Manager, who took up post in April 2026, provides additional capacity to further develop procurement across the Council. The Council approved an increase in the Procurement Team budget in 2026/27 to allow an additional member of staff to be employed and to invest in procurement systems which will ensure greater compliance, improved management information, greater management of contract performance and better management and reporting on social value and community benefits. These actions demonstrate that, although progress has been slower than anticipated, the key foundations are being put in place to embed compliant and consistent procurement practices across the Council.	Behind Schedule
2. The Council needs to respond to identified workforce planning challenges including its age profile in some services and recruitment and retention problems in others	Human Resources, Communication and Customer Experience	The Council has made positive progress in responding to workforce planning challenges, particularly in addressing recruitment and retention pressures within key services. A targeted recruitment approach has been delivered through the Denu Talent Programme, part of the Dyfodol Môn Scheme, which has now been successfully implemented over two consecutive years. This initiative has strengthened the pipeline of future employees by attracting young people from sixth forms, colleges and universities, with a number progressing into employment with the Council or expressing an	Complete for 2025/26. Process is now considered business as usual

Governance matters identified	Lead Officer / Service / Board	Update on progress	RAYG status
		interest in future careers in areas such as social work. The Learning and Development Team will continue to build on this approach during 2026 in collaboration with Social Services, helping to sustain workforce capacity and strengthen the Council's attractiveness as an employer. In addition, the Council has embedded a more structured approach to workforce planning through regular engagement between Human Resources, Directors, Heads of Service and Business Managers, ensuring that workforce challenges are routinely reviewed and reported to the Leadership Team. Alongside this, the Dyfodol Môn Graduate Programme has been launched, with the first cohort of graduates appointed across key professional areas including accountancy, engineering and economic development. The programme will continue during 2026, providing ongoing opportunities to develop specialist skills internally and support succession planning. Collectively, these actions demonstrate that the Council is taking a proactive and sustainable approach to growing its own workforce and addressing longer-term recruitment and retention challenges.	
3. The Council needs to manage and rationalise assets to ensure that they are needed, are fit for purpose and if not identify the work required to bring them up to standards.	Highways, Waste & Property	The Council has progressed actions to strengthen the management and long-term sustainability of its asset base, including the development and formal adoption of the Asset Management Strategic Plan, the Smallholdings Management Strategic Plan, supported by additional one-off funding, and continued implementation of the Computer Aided Facilities Management System. Core functionality is now operational, with further enhancements underway to improve asset data, monitoring and integration with other council systems. The Council's physical assets are recognised as a strategic risk and are subject to strategic oversight, ensuring appropriate governance and prioritisation. While these developments provide a strong foundation for improved asset management, the rationalisation of Council assets remains at an early stage and will require improved data quality and greater system maturity to inform future decisions. It	Behind Schedule

Governance matters identified	Lead Officer / Service / Board	Update on progress	RAYG status
		is also recognised that maintaining the long-term sustainability of the Council's asset base will require informed strategic decisions on investment and prioritisation.	
4. The financial resilience of the Council is under pressure due to the cost-of-living crisis and a decrease in funding	Resources	The Council has taken a structured and proactive approach to strengthening its financial resilience in response to ongoing cost-of-living pressures and reduced funding. A key area of focus has been maximising external income, with continued efforts to secure available grants, particularly capital funding. This has been supported by the introduction of a formal protocol to authorise bids and robust monitoring arrangements to ensure full compliance with grant conditions and to avoid any loss of funding. Alongside this, the Medium-Term Financial Plan (MTFP) was refreshed and adopted by the Executive in September 2025, providing an updated strategic framework for managing future financial pressures, with further refinement planned once the 2026/27 budget is confirmed. In parallel, the Council has delivered tangible financial improvements through the identification of £975k of savings as part of setting the 2026/27 revenue budget, which has been reinvested into priority services. Broader efficiency measures are also being embedded across services, including investment in digital and operational improvements such as enhanced telephony systems, wider use of CRM, secure payment solutions and income collection technologies. These initiatives are supported by the allocation of reserve funding to enable service modernisation and are contributing to more efficient and effective service delivery. Collectively, these actions demonstrate that the Council is actively managing financial pressures while maintaining service sustainability.	Complete for 2025/26. Process is now considered business as usual
5. The Council needs to continue modernising its digital and data infrastructure	Digital Board	The Council has continued to progress the modernisation of its digital and data infrastructure, with a particular focus on strengthening its data capability. Additional resources have been approved within the 2026/27 budget to establish a Data Manager role, who will be responsible for developing, securing approval for and implementing a Data Strategic Plan.	On Track – target date of March 2027

Governance matters identified	Lead Officer / Service / Board	Update on progress	RAYG status
		Ongoing delivery of the Digital Strategic Plan has resulted in improvements to systems, security and customer-facing services, supporting service modernisation and enhanced use of digital tools across the organisation. Targeted work has also been undertaken to review the Customer Contact Centre model, with agreed opportunities for improvement informing the next phase of development. In contrast, the previously proposed chatbot solution has been reassessed, with the current approach no longer considered viable and alternative options will be explored. Overall, these actions demonstrate continued progress in digital transformation, while recognising that some elements will require further refinement as the programme develops.	
6. The Council does not map all sources of assurance	Chief Executive Office / Digital, Performance and Modernisation / Resources	Progress has been made towards strengthening the Council's approach to mapping sources of assurance, although key elements remain in development. Work to review the Strategic Risk Register was completed, which was a fundamental prerequisite for establishing a robust and coherent approach to assurance mapping. Alongside this, the newly established Governance Group has begun to play a coordinating role, with responsibility for reviewing the Council's lines of assurance as part of its wider work programme, which includes the Annual Governance Statement, Local Code of Governance and Self-Assessment & Performance (Wellbeing) Report processes. Work on the first and second lines has started following the completion of the Strategic Risk Register. Progress on the assurance mapping exercise has been slower than anticipated and remains behind schedule. The Governance Group is expected to take this work forward during 2026/27 where a comprehensive and systematic mapping of assurance sources across the Council will be undertaken. These actions will be important in strengthening oversight, improving governance arrangements and providing clearer visibility of how risks are managed and controlled across the organisation.	Behind Schedule

Other notable governance work undertaken during the year

Panel Performance Assessment

In November 2025, the Council commissioned a statutory Panel Performance Assessment (PPA) via the Welsh Local Government Association, in accordance with the Local Government and Elections (Wales) Act 2021. This independent peer review provided robust, high-level assurance regarding the Council's overall performance, capacity, and governance arrangements. The Panel highlighted numerous strengths across the organisation but also issued eight recommendations to ensure continued modernisation and resilience. To ensure complete strategic alignment between external peer review and internal self-assessment, the specific governance recommendations arising from the PPA have been directly incorporated into the Council's Identified Governance Matters Action Plan for 2026/27

DRAFT

Identified Governance Matters 2025/26

While no issues meet the threshold of 'significant governance issues' as defined by CIPFA guidance, a few governance improvement areas have been identified. These reflect risks and control weaknesses identified through internal audit work, external review and the Council's wider assurance framework and are subject to ongoing monitoring through the Council's governance arrangements.

Note: To avoid duplication the operational performance risks, economic strategies, and service modernisation projects are monitored via the Council's statutory Self-Assessment & Performance (Wellbeing) report. The matters tracked below are strictly those relating to the Council's internal control environment, statutory compliance, peer-reviewed governance arrangements, and assurance frameworks.

Governance matters identified	Improvement actions identified	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. The Council must ensure effective and compliant procurement and contract management arrangements.	- Implement the remaining agreed actions from the Procurement Strategic Plan - Develop and Implement a Social Value Strategy to ensure consistent and meaningful inclusion of Social Value in procurement processes - Develop and implement a Contract Management Policy outlining how a contract should be managed based on its risk profile	Resources	- Failure to comply could lead to fines and penalties, legal action and regulatory scrutiny - Reputational damage - Possible service failure - Inability to achieve wider social value aims	March 2029
2. The Council must strengthen its assurance and Service risk management arrangements	- Complete the assurance mapping exercise for the Council - Implement the service-level risk management improvement plan to ensure	Governance Group / Chief Executive Office / Resources	- Reduced assurance over governance arrangements - Inconsistent application of risk management - Increased risk to service delivery	March 2027

Governance matters identified	Improvement actions identified	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
	consistent application across services			
3. The Council must strengthen Information Governance resilience regarding statutory compliance and capacity	- Implement targeted data breach awareness training for staff to reinforce internal reporting culture - Establish a sustainable, long-term capacity model for the statutory Schools Data Protection Officer (DPO) role	Council Business / Learning	- Unmitigated data breaches leading to severe UK GDPR penalties and reputational harm - Single point of failure for statutory data protection oversight in schools	March 2027
4. The Council must strengthen its Scrutiny function to effectively respond to organisational priorities	- Strengthen the member development programme as part of the induction for members following the 2027 local elections - Review scrutiny governance arrangements and consider how scrutiny of economic issues can be strengthened	Council Business	- Ineffective democratic oversight and challenge of executive decisions - Failure to hold the organisation accountable for economic and strategic outcomes	June 2027
5. The Council must refine its Performance Monitoring framework	Review the performance monitoring framework to strengthen assurance through effective monitoring and reporting of progress against the Council Plan and Strategic Plans	Chief Executive Office / Digital, Performance and Modernisation	- Disconnect between daily operations and long-term strategic goals - Resources allocated to low-impact areas - Impaired strategic decision-making by the Executive	July 2027

Governance matters identified	Improvement actions identified	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
	- Strengthen the link between risk management, financial management and performance monitoring - Ensure strategic plans inform the development of strategic objectives and key performance indicators for the next Council Plan (from 2028)			
6. The Council must ensure compliance with the Operational Standards Rules (Wales) 2024 in relation to Building Control functions, following a regulatory investigation by Welsh Ministers.	Implement and monitor the agreed improvement actions, including strengthened governance arrangements and oversight through the Building Control Response Group	Regulation and Economic Development / Building Control Response Group	Failure to achieve compliance could result in continued regulatory intervention, increased legal and safety risks, and reputational damage	December 2026

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, based on the assurances provided through the Review of Effectiveness and the Head of Internal Audit's annual opinion, 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.

While no issues meet the threshold of 'significant governance issues', a few governance improvement areas have been identified, and we propose to take appropriate steps to address these and 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

Cllr Gary Pritchard
Leader, Anglesey County Council
July 2026

Dylan Williams
Chief Executive, Anglesey County Council
July 2026

Appendix 1

CIPFA Financial Management Code (2019)

CIPFA's Financial Management Code (2019) is designed to support good practice in financial management and assist local authorities in demonstrating long-term financial sustainability. The Code requires councils to demonstrate ongoing compliance against six core principles: Leadership, Accountability, Transparency, Professional Standards, Assurance, and Sustainability.

Following its initial declaration of full compliance in 2022, the Isle of Anglesey County Council ensures ongoing adherence to the FM Code through continuous internal review and rigorous external scrutiny. During the 2025/26 period, the Council's financial resilience was tested by two external reviews and one relevant Internal Audit review:

- Audit Wales Financial Sustainability Assessment: Concluded that the Council maintains good arrangements to respond to financial challenges in the short to medium term. While Audit Wales recommended formalising longer-term financial strategies, the Governance and Audit Committee formally noted that highly detailed long-term financial planning remains inherently constrained by the Welsh Government's reliance on single-year funding settlements.
- Independent Panel Performance Assessment (November 2025): To mitigate the constraints of single-year settlements and further strengthen the FM Code's 'Sustainability' principle, the Panel recommended the development of a cross-cutting Modernisation Plan strictly aligned to the Medium-Term Financial Plan (MTFP). This ensures resources are efficiently prioritised to meet future funding gaps and is now a formally tracked priority within the 2026/27 AGS Action Plan.
- Internal Audit 'Financial Management: budget monitoring and forecasting': The report concluded that "the council's arrangements for budget management, financial forecasting and performance monitoring are operating effectively." The report highlights "some areas for improvement in respect of targeted training for officers with delegated budgetary responsibility, action tracking for meetings of the Resources Scrutiny Panel and options to improve financial monitoring information, which provide an opportunity to strengthen current arrangements."

Statutory Conclusion:

Considering internal controls and recent external peer reviews, the Director of Function (Resources) / Section 151 Officer confirms that the Council proactively manages its medium-term financial pressures, maintains a robust framework of internal controls, and demonstrates compliance with the core principles of the CIPFA Financial Management Code, with ongoing actions in place to further strengthen arrangements where opportunities for improvement have been identified.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2026
Subject:	Strategic Risk Register 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
Nature and Reason for Reporting: The Governance and Audit Committee's terms of reference has an explicit requirement for the committee to review, assess and report on the effective development and operation of risk management arrangements in the council (3.4.8.8.1). As part of this responsibility, it will review the strategic risk register and seek assurance that management appropriately own and manage risks effectively, consider the adequacy and effectiveness in capturing and assessing the strategic risks and evaluate whether planned mitigations are appropriate and effective, making recommendations to the responsible risk owner where appropriate. (3.4.8.8.3) Assurance over risk management will also be a key element underpinning the Annual Governance Statement. (3.4.8.8.2)	

1. Introduction

- 1.1 This report presents the Strategic Risk Register (Appendix B refers) as at 30 June 2026, along with a heat map and a direction of travel report ([Appendix A](#) refers).

2. Ongoing risk management framework improvements

- 2.1 Reconfiguration of the council's risk management system (4risk) was completed in March 2026 in conjunction with our software provider, RSM. Since then, the comprehensively reviewed Strategic Risk Register has been uploaded to the system.
- 2.2 RSM provided a number of training sessions on the use of the 4risk system to officers during March and April 2026 along with specific system administrator training to the Strategic Support Officer and the Executive Manager (Leadership Team) along with the Internal Audit Team, as a contingency measure.
- 2.3 Zurich Resilience Solutions, the risk management specialist arm of our insurers, Zurich Municipal, provided risk management training to business managers, senior management and officers in June 2026, and was well-received.
- 2.4 The Executive Manager (Leadership Team) sits on both the Leadership Team and Management Team and continuously updates the Strategic Risk Register following these meetings. The Leadership Team also formally reviewed the Strategic Risk Register in June 2026.

3. Heat map

3.1 The heat maps below provide a summary of the strategic risks, detailing the number of inherent and residual risks. Risk ratings at the last update in February 2026 are shown in brackets.

Number of inherent risks

Almost Certain	5			(2)	3 (2)	2 (2)
Likely	4			(2)	1 (1)	
Possible	3			1 (1)	4	1 (1)
Unlikely	2					
Rare	1					
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic

Number of residual risks

Almost Certain	5					
Likely	4			1 (2)	1 (2)	1
Possible	3			5 (3)	1 (1)	
Unlikely	2			2 (2)	1 (1)	
Rare	1					
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic

4. Movement since the last update (February 2026)

4.1 A 'Direction of Travel' report is included at [Appendix A](#) which records the movement in risk score since the last update to the Governance and Audit Committee in February 2026.

4.2 This shows that the overall residual risk profile remains broadly stable, with the majority of strategic risks rated as Moderate or Major. However, two risks are currently rated Critical: STR0010 Physical Assets and the newly identified STR0012 Cyber Attack and Data Breach. The introduction of STR0012 has separated cyber and data breach exposure from STR0002 Digital Resilience, resulting in a reduced residual rating for STR0002 from Critical to Moderate. This provides greater clarity over the council's digital and cyber risk profile but also highlights cyber security and data breach as a key area requiring continued senior oversight.

5. Recommendation

5.1 That the Governance and Audit Committee takes assurance from the work that has been undertaken to date as part of the wholesale review of the strategic risk register, the reconfiguration of the risk management system, the staff training and the continuous review of the Strategic Risk Register.

Appendix A – Direction of Travel Report (February to June 2026)

Prefix	Risk	Inherent Rating (Impact x Likelihood)	Residual Rating (Impact x Likelihood)	Residual Direction of Travel	Residual Rating (February 2026)
STR0001	Finances and Financial Management	Critical (5:3=15)	Major (4:3=12)	=	Major (4:3=12)
STR0002	Digital Resilience (previously IT and cyber-attacks)	Major (4:3=12)	Moderate (3:3=9)	⬇	Critical (4:4=16)
STR0003	Safeguarding	Critical (4:5=20)	Moderate (3:3=9)	=	Moderate (3:3=9)
STR0004	Recruitment, retention and leadership continuity	Critical (4:5=20)	Major (3:4=12)	=	Major (3:4=12)
STR0005	Partnership	Major (4:3=12)	Moderate (3:3=9)	=	Moderate (3:3=9)
STR0006	Supply Chain	Critical (4:4=16)	Major (4:2=8)	=	Major (4:2=8)
STR0007	Welsh language	Major (4:3=12)	Moderate (3:2=6)	=	Moderate (3:2=6)
STR0008	Service Delivery and Modernisation (previously Future service planning)	Major (4:3=12)	Moderate (3:3=9)	⬇	Major (4:3=12)
STR0009	Governance and compliance	Critical (4:5=20)	Moderate (3:3=9)	=	Moderate (3:3=9)
STR0010	Physical Assets	Critical (5:5=25)	Critical (4:4=16)	=	Critical (4:4=16)
STR0011	Homes for local people	Moderate (3:3=9)	Moderate (3:2=6)	=	Moderate (3:2=6)
STR0012	Cyber Attack and Data Breach	Critical (5:5=25)	Critical (5:4=20)	NEW	

Appendix B – Strategic Risk Register – June 2026

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
STR0001	Finances and financial management Funding that is necessary to provide statutory services and deliver strategic objectives is reduced or not sufficient	Marc Jones - Director of Function (Resource) and Section 151 Officer	Critical (5:3=15)	Balances of over 5% of the annual budget held in reserve. Medium Term Financial Plan (MTFP) – MTFP for the period 2026/27 to 2028/29 approved. Regular financial monitoring and updates to leadership. Robust budgeting and forecasting processes. Earmarked Reserves Protocol in place December 2025 Audit and assurance - regular internal and external audits. Ongoing financial management training for relevant staff. Budgets set and tightly managed to secure reserves to deal with an emergency. Consider demographic changes and impacts on services where demand will increase. Lobbying - ongoing engagement with government and funding	Major (4:3=12)	Develop how the Council collects and analyses data, and the use of the data as a basis for annual budget setting. Promote and make effective use of the cost of change budget. Strengthen budget control by reintroducing a budget-retention approach, allowing services to retain a proportion of underspend for priority projects while requiring overspends to be funded from service reserves.	Dylan Williams / Marc Jones Leadership Team Marc Jones	Mar-27 Mar-27 Mar-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				bodies to secure adequate resources. Statutory service review completed during the 2026/27 budget setting process Historical revenue spending is reviewed to identify budgets that are no longer needed, overstated costs, or understated income, with the findings informing the annual budget-setting process.				
STR0002	Digital resilience Failure of critical digital services and recovery.	Rhys H. Hughes – Deputy Chief Executive	Major (4:3 =12)	Backup strategy is aligned to the business continuity requirements of the service who own the system (recovery) Service business continuity plans and the whole Council business continuity plan in place Governance framework in place to provide assurance on new strategic projects; Data, Digital and Technical, Digital Strategy Board and Leadership Team - Digital and Capital. The council's Digital Strategic Plan 2024-2029 provides a structured framework for digital development across the council.	Moderate (3:3 = 9)	Develop a defined and detailed critical systems list. Establish and maintain a full information asset register. Review incumbent backup and restore solution to ensure that all backups (local DC and cloud) are fully recoverable and immutable, ensuring excellent Recovery Point Objective (RPO). Review the Disaster Recovery Plan to reflect	Lynn Ball / Huw Ynyr Huw Ynyr Huw Ynyr Huw Ynyr	Jan-27 Mar-28 Mar-27 May-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				The Digital Education Strategic Plan 2026-2031 provides a structured framework for digital development with our schools. Alternative power source (diesel generators) supplied to both Data Centres Internet resilience with alternate routing over the PSBA Network Full and incremental backup with off-site tape storage for recovery and immutability A number of business and productivity systems have been migrated to the cloud, reducing the dependency on our local data centres, focusing instead on robust contractual obligations and supply chain security vetting.		the Council's current infrastructure and various cloud solutions. Schedule disaster recovery testing and exercises Schedule weekly backup recovery exercise ITSM (IT Service Management) needs to be reviewed, and appropriate Service Level Agreement provided against issue and change management to control and manage expectations	Huw Ynyr Huw Ynyr Huw Ynyr	Dec-27 Apr-27 Sep-28
STR0003	Safeguarding Missed safeguarding due to ineffective processes.	Fon Roberts - Director of Social Services and Head of Children Services	Critical (4:5=20)	Preventative measure - Trauma informed awareness and Age Friendly initiatives. Ensure that staff, members and the public understand their duty to report safeguarding concerns and are confident in the process to do so.	Moderate (3:3=9)	Extended Child Practice Review - Our Bravery Brought Justice - respond to recommendations and implement changes required. Approval of Safeguarding Strategic Plan 2026-2031.	Fon Roberts Sian Peacock	Aug-26 Sep-26

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				A Corporate Safeguarding Policy with clear governance arrangements in place for senior level reporting, policies and procedures within the council A training framework that provides a whole council 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. A framework of policies and procedures to ensure a fully recruited and managed workforce that complies with statutory requirements - IACC recruitment and selection policy, DBS policy and safer recruitment policy. Safeguarding Action Plan, that focusses on whole council implementation and key areas where the corporate safeguarding board should keep an overview. Partnerships. Whole council, health, education, and police for co-ordinated interventions.		Review representation on the regional / sub-regional partnerships and ensuring cascading of information. Review of the corporate safeguarding policy The new corporate safeguarding policy shared with all staff via the Policy Portal. Implementation and roll out of the new part 5 Wales Safeguarding Guidance.	Susan O Jones Sian Peacock Sian Peacock Sian Peacock	Jun-26 Jul-26 Sep-26 Jun-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				Appropriate representation on statutory regional / sub-regional partnerships / boards. Implement learning from Single Unified Safeguarding Review (SUSR) and implement the process if a serious incident is reported. Continue to adhere to legislation and respond to changes.				
STR0004	Recruitment and leadership continuity Inability to recruit promptly and a limited talent pipeline may reduce workforce capacity, weaken leadership continuity, and disrupt service delivery.	Dylan Williams - Chief Executive	Critical (4:5=20)	Workforce planning - plans in place for all services. Exit interviews & new starter questionnaire in place for feedback to improve recruitment and retention strategies. Dedicated Career's Microsite that outline's the benefits of working with the Council. Social Media platforms used to advertise vacancies. Collaboration with School's /colleges / further education to develop and boost the care sector (Denu Talent). Talent pipeline processes in place and internal development programmes, e.g (Twf & Datblygu)	Major (3:4=12)	Introduce a recruitment and retention report / dashboard to monitor hard to fill roles. Report key trends at a leadership team / management team level on a consistent basis. Create and maintain critical roles register across all services, identifying business-critical posts, single points of failure, succession cover, and mitigation actions for each role. Develop an apprenticeship scheme as a further expansion of our "grow our own" strategy,	Eurig Williams Caroline Williams Elen Pritchard / Rhian Jones	Dec-26 Mar-27 Recruit in Mar-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				along with a graduate scheme Dyfodol Môn. Services to keep job descriptions and person specifications under review to ensure they are realistic and aligned with the labour market. Talent identification. Regularly review and identify future leaders via the annual development discussion. Fforwm Môn - a forum for the council's senior officers to receive, share and discuss.		ensuring the scheme is mapped to workforce plans, the critical roles register and known future skills gaps. Develop a targeted retention plan with services, using workforce data to agree service-level actions where retention risk is increasing. Introduce targeted timescales for each stage of the recruitment process, including approval to advertise, shortlisting, interview, conditional offer, pre-employment check and start date. Monitor exceptions and remove avoidable delays.	Caroline Willams Yvonne Winstone	Mar-27 Mar-27
STR0005	Partnerships Partnerships are ineffective, lack sufficient oversight, and may negatively	Susan Owen Jones	Major (3:4=12)	Formal partnership agreements with clear roles and responsibilities. Programme of strategic partners attendance at the partnership scrutiny committee in place.	Moderate (3:3=9)	Establish a forward work programme for partners to attend members briefing sessions. Improve internal information sharing processes (pre/ post	Angharad Hughes Susan O Jones	Oct 26 Oct 26

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
	impact service delivery and value for money.			Regular performance monitoring and review meetings. Due diligence checks on third parties. Service level agreements (SLAs), MOUs and contract management in place as required. Partnership register is in place and representation revised periodically.		strategic partnership meetings).		
STR0006	Supply chain Dependence on a limited number of key suppliers within the council's supply chain may result in delays to service delivery and reduced resilience.	Marc Jones - Director of Function (Resource) and Section 151 Officer	Critical 4:4 = 16	Supplier diversity and contingency planning. Regular supplier performance reviews and audits to identify key suppliers. Contractual clauses for delivery timelines and penalties. Approved supplier list Framework agreements Business continuity and disaster recovery planning. Close monitoring of critical and single points of failure in the supply chain.	Major 4:2 = 8	Recruit one additional post to increase team capacity and manage additional administrative demands arising from new legislation. Introduce new procurement system to support contract management, tendering, monitoring and reporting. Develop and Implement a Social Value Strategy to ensure consistent and meaningful inclusion and monitoring of Social Value in procurement processes	Marc Jones Gwen Thomas Gwen Thomas	Sep-26 Mar-27 Mar-28

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				Monitor what is happening in relevant sectors of the economy (e.g. construction) and a process established to escalate concerns promptly. Committed to the Welsh Government's code on Ethical Employment in Supply Chains. Follow the Procurement Strategic Plan and the template documents.		Develop a comprehensive contract register to identify essential contracts and support contract-specific planning. Produce an annual procurement report summarising activity, benefits delivered, and key risks.	Gwen Thomas Gwen Thomas	Dec-26 Jul-27
STR0007	Welsh language Failure to comply with Welsh language standards and policy, including requirements to promote and facilitate the use of Welsh.	Lynn Ball Director of Function (Council Business)	Major (4:3=12)	Welsh Language Policy * Maintain and regularly update the policy aligned with statutory requirements. * Utilise the learning and policy portals to ensure all staff and members are aware of the Welsh language policy and legislation as a mandatory policy. Staff training - provide regular training for all staff on Welsh language standards, expectations and customer service. Recruitment and support - consider Welsh language requirements of posts and implement the Welsh language skills framework.	Moderate (3:2=6)	Improve Welsh language impact assessment practices and procedures as part of the decision-making process. Formalise Welsh language complaints procedure in the context of wider complaint handling. Ensure library service system support fully bilingual delivery following Welsh Language Commissioner feedback.	Dyfan Sion Ffreuer Owen Ffreuer Owen	Apr-27 Dec-26 Sep-26

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				Implement the Welsh Language Promotion Strategy (and annual implementation plan) in partnership with the Fforwm Iait. Performance monitoring - Annual self assessment survey and annual report prepared. - KPIs reported as part of the scorecard. Prepare quarterly compliance report for the attention of the Welsh Language and Equality Steering Group		Language standards to be presented to all staff via the Porth Polisi	Ffreuer Owen	Sep-26
STR0008	Service delivery and modernisation There is a risk that the Council does not effectively plan, prioritise and deliver future service modernisation resulting in services being unable to respond to	Dylan Williams - Chief Executive	Major (4:3 = 12)	The Council Plan 2023-2028 and strategic plans provide overall strategic direction and vision.	Moderate (3:3=9)	Development of new Council Plan 2028-2033 and associated strategic plans.	Dylan Williams	Sep-27
				Annual strategic service delivery planning and the annual budget setting process in place.		Development of a Modernisation Strategic Plan.	Huw Ynyr	Sep-27
				Medium term financial plan (MTFP) for the period 2026/27 to 2028/29 approved.		Strengthen the council's use of data in strategic planning and decision making via the development of a Data Informed Strategic Plan.	Huw Ynyr	Feb-27
				Workforce planning - plans in place for all services.		Develop workforce capability to strengthen digital, data, AI and	Huw Ynyr / Eurig Williams	Sep-27
				Impact assessment process standardised and followed.				

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
	changing needs, demands and expectations.			The planning system is used to assess the wider impacts of any developments. Robust governance and performance management arrangements in place, i.e. strategic planning, service planning, scrutiny, audit and performance. Business continuity plans in place to support service resilience and continuity.		change management skills required to support service modernisation and future service delivery.		
STR0009	Governance and compliance Weak or ineffective governance may lead to non-compliance with statutory or regulatory requirements, leading to potential penalties and reputational damage.	Lynn Ball - Director of Function (Council Business)	Critical (4:5=20)	A robust governance framework – defined roles, responsibilities, decision making authority and escalation. Annual Governance Statement and identified improvement actions, which are scrutinised by a multi-disciplinary Governance Group drawn from across the council. Mandatory training programme – staff’s completion and understanding of mandatory eLearning is tracked and monitored through an eLearning system. Embeds expected behaviours, reduces the risk of non-compliance, and supports	Moderate (3:3=9)	Publish a summary of the council's constitution on the council website. Review the Scheme of Delegation. Provide training for new members of the Scrutiny and Governance Committees. Implement the information management Recovery and Improvement Plan. Develop the information management CRM.	Lynn Ball Lynn Ball Lynn Ball Lynn Ball Lynn Ball	Mar-27 Mar-27 Dec-26 Jan-27 Dec-26

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				consistent adherence to legal and organisational standards. An effective Internal audit programme provides independent, risk-based assurance over governance, risk management, and internal controls to senior leadership and the Governance and Audit Committee. Policy updates - up-to-date policies maintained in line with legislation and council needs. Mandatory policies are published to employees via a policy portal which tracks and monitors acknowledgement and understanding through built-in reporting. Provides evidence of compliance with regulatory and legislative obligations. Established organisational controls are in place, including financial procedures, governance and performance management frameworks, project management methodology, strategic planning processes, operational controls, structured staff communications,		Deliver the Scrutiny Development Plan.	Dyfan Sion	Jul-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				statutory officer oversight, and an internal audit programme. Regular training for elected members (including lay and co-opted members) on the code of conduct and constitution. Regular training for town and community councils on the code of conduct.				
STR0010	Physical Assets Council buildings and other assets becoming unusable due to poor condition.	Rhys Hughes - Deputy Chief Executive	Critical (5:5=25)	Asset register. Comprehensive and up-to-date inventory of council assets maintained, excluding housing. Condition surveys. Regular inspections and risk assessment conducted. Servicing, inspection and cyclical maintenance scheduled. The Towards Net Zero Strategic Plan 2026-2031 is embedded in asset management, establishing targets, guiding low-carbon investment decisions, and ensuring data collection and reporting. The Capital Strategy provides a structured framework for capital expenditure	Critical (4:4=16)	Provide training to officers on how best to use grant money. Implement and develop revised governance arrangements for asset management decision making via the Leadership Team - Capital & Digital. Business cases are developed using robust data, supporting a data-informed approach and ensuring clear, evidence-based investment decisions. Review the Community Asset Transfer Framework policy.	Elen Pritchard Dylan Williams Meilir Hughes Huw Percy	Sep-26 Dec-26 Mar-27 Mar-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
				The Asset Management Strategic Plan (2024–2029) provides a coordinated, strategic approach to managing assets in line with the Council Plan. The Smallholdings Management Strategic Plan (2026–2031) provides a planned approach to managing the estate, supporting strategic objectives and long-term viability.		Strengthen the governance of critical element tracking to identify, flag and escalate appropriately building maintenance requirements that places service continuity at risk. Collate and input building data into Property Management System to inform investment need and prioritisation. Milestones: Secondary Schools Consider how to maximise capital investment within the Council's budgets. Increase capacity to deliver the work programme on time. Identify how to use external grant funding effectively to safeguard assets.	Huw Percy Huw Percy Huw Percy Marc Jones Huw Percy Huw Percy	Mar-27 Mar-32 Dec-27 Mar-27 Mar-27 Mar-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
STR0011	Homes for local people Shortage of affordable and suitable accommodation to meet local housing needs.	Marc Jones - Director of Function (Resource) and Section 151 Officer	Moderate (3:3 =9)	Housing Strategic Plan in place - prioritises homes for local residents.	Moderate (3:2 =6)	Review the Local Housing Market Assessment (LHMA)	Ned Michael / Elliw Llyr	Oct-26
				Housing needs assessment. Local housing market assessment (LHMA) completed 2024-2029.		Ensure the new Anglesey LDP considers the scale of the local housing challenge and the adequate land is allocated to support sustainable communities.	Christian Branch	Mar-29
				Collaboration. Annual housing prospectus and deliver on the social housing delivery programme to identify and prioritise schemes for housing association and council housing development.		Analyse housing and homelessness data to assess the impact of housing interventions and inform future action.	Ned Michael / Elliw Llyr	Mar-27
				The council and other housing associations are working with local builders to increase the social housing stock.		Ensure all major development and infrastructure projects include early assessment of housing impacts, with mitigation measures identified and addressed through planning, partnership working and delivery plans.	Ned Michael / Elliw Llyr	Mar-27
				Apply measures to manage the impact of second homes, with additional income directed towards affordable housing and measures that benefit local residents.				
				Deliver on the social housing delivery programme and utilise the council tax premium allocation accordingly.				

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
STR0012	Cyber-attack and data breach A successful cyber-attack or data breach resulting in disruption to critical services, compromise of sensitive information, regulatory action, financial loss and reputational damage.	Rhys H. Hughes – Deputy Chief Executive Lynn Ball - Director of Function (Council Business)	Critical (5:5 = 25)	Mandatory cyber security awareness training for all staff	Critical (5:4 = 20)	Implement the actions arising from the Schools Cyber Security Audit	Huw Ynyr	Dec-26
				Ad-hoc phishing simulations		Recruit into 4 new roles supported by additional investment by the Council.	Huw Ynyr / Lynn Ball	Dec-26
				A series of software packages and procedures to reduce the risk of a Cyber attack against the Council.		Submit the objectives of the Cyber Assessment Framework (CAF) (to the WLGA):		
				IT security and acceptable use policies in place		Objective A: Managing Security Risk	Lynn Ball / Huw Ynyr	Mar-27
				Use of external, WG sponsored Cymru SOC to provide additional oversight, support and action in response to possible Cyber incidents		Objective D: Minimising Impact	Lynn Ball / Huw Ynyr	Mar-27
				Retain PCI-DSS accreditation (annual)		Objective B: Protecting against cyber-attack.	Lynn Ball / Huw Ynyr	Sep-27
				Conduct annual internal and external security health checks.		Objective C: Detecting cybersecurity events.	Lynn Ball / Huw Ynyr	Mar-28
				Retain PSN accreditation (annual)		Procure external assistance to establish Cyber incidence response procedures that will form the backbone of the Cyber Incident	Huw Ynyr	Oct-26

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
						Management playbooks that will feature in a mature CAF. Establish a Cyber Response retained service that can be instantly stood up if required. This will include expert cyber services such as forensic capabilities that go beyond the Council's skills and will be able to operate 24x7x365. Conduct regular Cyber incident simulations, including an annual whole Council exercise. Increase the SIEM transfer to the SOC to ensure the Cymru SOC service is maximised and in the best possible position to isolate and inform following possible cyber infiltration. Procure and configure additional security systems for patch management along with	Huw Ynyr Huw Ynyr Huw Ynyr Huw Ynyr	May-27 Jun-27 Oct-26 Mar-27

Risk Id	Risk	Risk owner	Inherent (Impact x Likelihood)	Controls / Existing controls	Residual (Impact x Likelihood)	Actions required	Action owner	By
						identity and access management. Relaunch the CAF Strategic Group following membership and TOR review. Develop a defined and detailed critical systems list (will also form the basis of CAF Objective B). Establish and maintain a full information asset register.	Lynn Ball / Huw Ynyr Lynn Ball / Huw Ynyr Huw Ynyr	Sep-26 Jan-27 Mar-28

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2026
Subject:	Annual Counter Fraud, Bribery and Corruption Report 2025-26
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 Governance and Audit Committee's terms of reference require it to oversee any major areas of fraud, identified in an annual report and monitor action plans to address control weaknesses (3.4.8.9.5). The committee is also required to consider the assurance provided by internal audit (3.4.8.9.6). 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. Finally, while no longer a standard in its own right in the new Global Internal Audit Standards in the UK Public Sector (GIAS), fraud is considered a pervasive risk and is considered throughout the standards.	

1. INTRODUCTION

- 1.1. This annual report summarises Internal Audit's counter fraud, bribery and corruption activity during 2025-26 and provides assurance to the Governance and Audit Committee on the council's arrangements for preventing, detecting and responding to fraud risk.

2. SUMMARY

- 2.1. Fraud remains a significant financial and reputational risk, with national estimates suggesting that losses to fraud and error could equate to between £1.39 million and £13.9 million a year when applied to the council's 2025-26 gross revenue budget.
- 2.2. During the year, Internal Audit continued to deliver the Counter Fraud, Bribery and Corruption Strategy 2025-2028 and associated Delivery Plan. Activity focused on strengthening governance, raising awareness, improving reporting routes, using data and intelligence, supporting services and progressing the Auditor General for Wales's recommendations.

- 2.3. Overall, the report provides assurance that Internal Audit continues to support the council's counter fraud framework and that allegations are being captured, triaged and acted upon.
- 2.4. However, the key areas of oversight for the committee would be capacity, fraud risk assessments, delivery of the strategy, use of data analytics and the National Fraud Initiative, and ensuring that lessons from referrals and investigations strengthen controls.

3. RECOMMENDATION

- 3.1. That the committee considers and comments on the activity carried out during 2025-26 to minimise the risk of fraud, bribery and corruption occurring within and against the council and notes the assurance provided to the committee on the effectiveness of the council's arrangements to minimise the risk of fraud.

Annual Counter Fraud, Bribery & Corruption Report 2025-26

July 2026



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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Introduction

1. This report presents the activity that Internal Audit carried out during 2025-26 to minimise the risk of fraud, bribery and corruption¹ occurring within and against the council.
2. This supports the requirements of the Global Internal Audit Standards in the UK Public Sector (GIAS), which replaced the Public Sector Internal Audit Standards (PSIAS) with effect from 1 April 2025. While no longer a standard in its own right, fraud is considered a pervasive risk and is considered throughout the standards.
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](#)² by the Auditor General for Wales stated that the value the public sector loses to fraud is unknown. A Cabinet Office [report](#)³ 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 £277 million gross revenue [budget](#) of the Isle of Anglesey County Council in 2025-26 suggests that losses to fraud and error may be anywhere between £1.39 million and £13.9 million per annum.
6. The report also provides an update on the council's progress in responding to the Auditor General's recommendations in a [report](#)⁴ published in 2020.

¹ An explanation of what constitutes fraud, bribery and corruption is included at [Appendix 1](#)

² [Counter-Fraud Arrangements in the Welsh Public Sector](#), Audit Wales, June 2019

³ [Cross-Government Fraud Landscape Annual Report 2019](#), Cabinet Office

⁴ 'Raising Our Game' Tackling Fraud in Wales, Audit Wales, July 2020

Why is Countering Fraud, Bribery and Corruption Important?

7. Each pound lost to fraud, bribery and corruption represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them.
8. 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.
9. Fraud can also affect the public sectors' reputation, undermining public trust and organisational efficiency.
10. When councils take effective counter fraud measures, they rebuild this public trust and ensure that scarce funds are used effectively.
11. The public sector is now being increasingly targeted due to their larger financial transactions and the greater potential profits for fraudsters.
12. CIPFA, in its 'Code of Practice on Managing the Risk of Fraud and Corruption'⁵ 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”.

Current context

13. Fraud remains the most reported crime in England and Wales, impacting millions of people and businesses each year. Its growing scale and sophistication threaten public trust, national security, and economic resilience.⁶ With continuing geopolitical unrest 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.
14. There is real concern in the public and private sectors in the UK that fraud is now at unprecedented levels. According to the Home Office, fraud now accounts for almost 44% of all crime reported in England and Wales and is estimated to cost the UK economy £219 billion⁷ each year, with an estimated 4.4 million fraud incidents in the year ending December 2025.⁸
15. For the year ending March 2026, [Report Fraud](#) (the replacement for Action Fraud) recorded 2,040 reports of fraud in the North Wales Police Force area, with losses amounting to £7 million. Of these, 95% were reported by individuals and the remaining 5% by organisations.
16. However, fraud against government organisations also remains a significant concern. In response we have seen the UK government establish the Public Sector Fraud Authority (PSFA), launched in August 2022 to modernise the counter fraud activity in the public sector and introduce new legislation, including the 'failure to prevent fraud' [offence](#) introduced in the Economic Crime and Corporate Transparency Act 2023, which came into force on 1 September 2025.

⁵ [Code of Practice on Managing the Risk of Fraud and Corruption](#), CIPFA, 2014

⁶ [Fraud Strategy 2026-2029 - Disrupting crime, supporting economic resilience and delivering justice](#), UK Government, March 2026

⁷ [Annual Fraud Indicator](#), Crowe, Peters & Peters and University of Portsmouth, 2023

⁸ [Crime in England and Wales: year ending December 2025](#), ONS, April 2026

17. Based on the PSFA's methodology, the National Audit Office estimates that fraud and error cost the taxpayer £55 billion to £81 billion in 2023-24⁹ which indicates that the challenge for the government in taking action on fraud against the public sector remains significant.
18. Artificial Intelligence (AI) has a dual role, with the increasing use of AI by both fraudsters (creating sophisticated schemes) and organisations (improving fraud detection). Over the last year we have seen significant emerging threats and trends in fraud with the ongoing risk of Generative AI allowing fraudsters to generate highly convincing deepfake voices, images, and documents, making it problematic to detect fraud. The change to online living and e-commerce has increased the 'attack surface' for fraudsters.
19. The internal threat from management and staff continues to be recognised as a serious issue. A KPMG¹⁰ report reveals that typical fraudsters are often long-serving, trusted employees exploiting organisational weaknesses. In 2024-25, there were 5,387 'thefts by an employee' offence reported in England and Wales.¹¹
20. The Auditor General, in his [report](#)¹² discussing the challenges facing Welsh public services, fears that it is too easy for public bodies to think of their investment in counter fraud work as a luxury rather than a necessity amid other pressures. The Auditor General suggests the opportunities are significant if there is the will to pursue them.

Strategic objectives 2025-2028

21. When considering our objectives, we considered CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption (2014) (the [CIPFA Code](#)), which sets out best practice for counter-fraud work in local government, based on five principles.
22. In addition, in the absence of a Wales-specific overarching strategy we used the '[Fighting Fraud and Corruption Locally: A Strategy for the 2020s](#)' (FFCL), to underpin our strategic focus. This is the overarching counter-fraud and corruption strategy for local government in England and provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.
23. Similar to the CIPFA Code, the FFCL strategy focuses on five pillars of activity, or strategic objectives, which are detailed at [Appendix 2](#), and helps us to set out where the council needs to concentrate its counter-fraud efforts.
24. These strategic objectives have been used to develop a delivery plan of counter fraud activity. A progress update is included at [Appendix 3](#).
25. Highlights include a tangible increased awareness of potentially fraudulent emails as a result of the training programme delivered during 2023-24, and the launch of the corporate fraud reporting tool.

⁹ [The impact of fraud and error on public funds 2023-24](#), National Audit Office, November 2024

¹⁰ [Global profiles of the fraudster](#), KPMG, 2025

¹¹ [Number of theft by an employee offences in England and Wales from 2002/03 to 2024/25](#), Statista, accessed 29/06/26

¹² [From firefighting to future-proofing – the challenge for Welsh public services](#), Audit Wales, February 2024

Fraud Reporting Tool

26. In November 2024, the council's Fraud Reporting Tool went live on the council's website. Due to capacity issues within the team, the launch was not promoted via the council's corporate communications team. However, despite not being promoted, the results have been excellent and are detailed at [Appendix 4](#), with case studies at [Appendix 5](#).
27. The Fraud Reporting Tool received 61 allegations during 2025-26, compared with 19 in the previous reporting period. The prior-year figure covered only five months, following the launch of the tool in November 2024, whereas the current year reflects a full twelve-month period. Direct year-on-year comparison should therefore be treated with caution; however, even allowing for the longer reporting period, the level of use demonstrates that the tool is becoming an established route for reporting concerns and is supporting greater visibility of potential fraud, error and misuse of council services.
28. Revenues-related allegations accounted for the majority of reports, with 44 allegations received, representing around 72% of all referrals. This is consistent with expectations, given the nature of council tax administration and the known risks associated with single person discount, second home premium evasion and properties not appearing on the council tax or business rates list. Of these reports, five cases have resulted in fraud or error being identified to date, with a further 13 still under review. This indicates that the area remains a key focus for ongoing preventative and detective work, including data matching and targeted review activity.
29. Social housing tenancy fraud was the second highest reporting category, with nine allegations compared with one in the earlier five-month period. One case has resulted in fraud or error being

identified, with an estimated value of £42,000¹³, and three cases remain under review. Although the number of referrals is lower than for Revenues, the estimated value demonstrates the potential financial and social impact of tenancy fraud, including the loss of scarce housing resources for those in genuine need.

30. Across all categories, 25 allegations were closed as unfounded following review or investigation, and a further 10 were closed because there was insufficient evidence to investigate. This is a normal feature of fraud reporting arrangements, where allegations can be based on incomplete information or misunderstandings. Nevertheless, the process provides an important mechanism for triaging concerns, identifying potential control weaknesses and ensuring that matters with sufficient evidence are referred to the appropriate service for review.
31. At year end, 20 allegations remained under review. This includes 13 Revenues cases, three social housing tenancy cases and individual cases relating to benefits, blue badges, public protection/trading standards and other matters. The number of open cases reflects both the volume of referrals generated by the tool and the fact that some allegations require service-led checks, data matching or further evidence before they can be concluded.
32. Overall, the tool has helped to strengthen the council's counter-fraud arrangements by improving accessibility for reporting concerns and by generating intelligence across a range of service areas. The results also reinforce the importance of continued promotion of the reporting route, timely triage of referrals, effective liaison with services and the use of data matching to support proportionate investigation.

¹³ The [Tenancy Fraud Forum](#) estimates each detected housing tenancy fraud at £42,000, using a standard national formula based on expert-assessed costs over four years. This helps councils estimate the public purse savings from recovering fraudulently occupied properties, including reduced temporary accommodation costs.

Fraud investigations

33. Two allegations of potential fraud against the council are in the process of being investigated. Following preliminary investigations, it is likely, due to insufficient evidence, that no further action will be taken with regards both cases.
34. A report will be made to the Governance and Audit Committee on completion of the investigations.

Proactive counter fraud reviews

35. The Insurance and Counter Fraud Officer undertook a counter fraud review of the council's administration of the **'Homes for Ukraine Thank You'** payments scheme following [media coverage](#) of fraud associated with the scheme in a local authority in England (Huntingdonshire District Council).
36. The review considered the design and operation of internal controls, including officer discussions, payment spreadsheet analysis, and sample testing against payment system records.
37. Overall, the review found that controls are operating effectively. Officers demonstrated a clear understanding of eligibility requirements, verification steps, authorisation arrangements, and the need to respond promptly to changes in host circumstances. Appropriate segregation of duties is in place, and regular team oversight supports consistent monitoring of payments.
38. The payment spreadsheet was well maintained and up to date, and sample testing did not identify any anomalies, inconsistencies, or unexplained payments. The arrangements reviewed provide a sound level of assurance that the council is effectively managing fraud and overpayment risks in relation to the scheme.

Progress with implementing the Auditor General's recommendations

39. We assessed the progress the council has made to implement the 15 recommendations made in the Auditor General for Wales's 2020 [report](#)¹⁴ on fraud to the Welsh Public Sector.
40. Of the 15 recommendations, the first applied to Welsh Government and recommended that the Welsh Government enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.
41. The remaining 14 applied to the wider public sector in Wales, including local government. The council complies with 12 of the recommendations but only partly complies with the remaining two regarding fraud risk assessments. However, these are incorporated in the council's Counter Fraud, Bribery and Corruption Strategy 2025-2028 and monitored by the Delivery Plan.

¹⁴ ['Raising Our Game' - Tackling Fraud in Wales](#), Audit Wales, July 2020

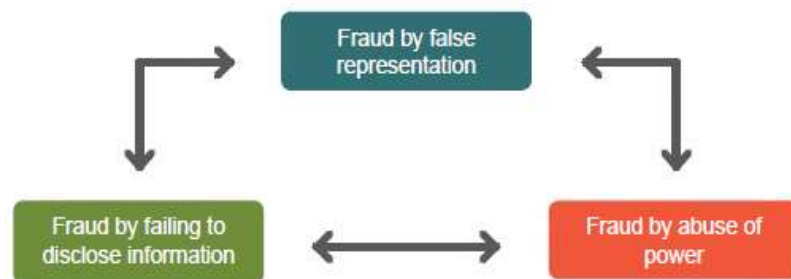
Conclusion

42. The effective management of fraud and corruption risks is a critical part of an effective, modern council. Some level of public sector fraud is likely, even in normal times. 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.
43. 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. The council can reduce the risk of employee theft by implementing robust controls, robust oversight and a positive work culture.
44. Delivery of the Counter Fraud, Bribery and Corruption Strategy 2025-28 and Delivery Plan will help the council to fight fraud. A key next step is the development of council-wide fraud risk assessments 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.
45. These fraud risk assessments will also be used as a live resource and integrated within the general risk management framework to ensure that the risks identified are appropriately managed and escalated as necessary.
46. The council continues to seek to maximise benefit from its National Fraud Initiative work and continues to use data analytics in its continuous monitoring work.
47. Where fraud is identified and successfully addressed it will be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
48. The Governance and Audit Committee is engaged with counter-fraud. It receives reports of the outcome of fraud investigations, and provides support and direction, monitoring and holds officials to account.
49. Further, the success of the Fraud Reporting Tool provides assurance that allegations are being captured, assessed and acted upon, while also highlighting the need to maintain sufficient capacity to manage referrals and follow up areas of higher risk.
50. While the council has trained counter-fraud staff that meet recognised professional standards, capacity remains an issue, and the limited resources will need to be prioritised on a risk basis. The appointment of dedicated counter fraud officer provides a step-change in the council's ability to counter fraud effectively.
51. 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 – What is Fraud, Bribery and Corruption?

Fraud

The Fraud Act 2006 sets out three ways in which the crime can be committed:



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.

For example, fraud by false representation is where the perpetrator deliberately submits false overtime claims or submits false qualifications during the recruitment process.

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.

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.

Bribery

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)

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.

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.

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.

Corruption

While there is no legal definition of corruption, corruption is often seen as a precursor to bribery and His Majesty's Government uses the definition developed by the Home Office.¹⁵

Corruption is often seen as a precursor to bribery and has been defined as:

"...the abuse of entrusted power for private benefit that usually breaches laws, regulations, standards of integrity and/or standards of professional behaviour."

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.

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.

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 friends / family members.

Appendix 2 – Strategic Pillars

Govern

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

What is expected

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

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

The first principle of the CIPFA Code also 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.

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

What we do / What we are going to do

A framework of policies exists, as recommended by the guidance and policy acceptance software tracks staff's acceptance and understanding of some policies. A programme of policy refreshment, counter fraud awareness raising, and an eLearning package will be delivered as part of the Counter Fraud Strategy for 2025-28.

The council has a clearly defined three-year strategy, approved at the highest level, which is focused on outcomes, helping to ensure that the risk of fraud and corruption is taken seriously in the council.

¹⁵ [Government Counter Fraud Functional Strategy 2024-2027](#)

Acknowledge
Assessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those charged with governance.
What is expected To create a counter-fraud response, the council must acknowledge and understand fraud risks and demonstrate by committing the appropriate resource for tackling fraud. The CIPFA Code advocates fraud risk identification as essential to understanding exposures to risk, changing patterns in fraud, corruption threats and the potential consequences to the organisation and its service users. It supports fraud and corruption risks as business risks and to be managed as part of the organisation's risk management process. The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy. What we do / What we are going to do The Leadership Team (LT) has acknowledged the threats of fraud and corruption by mandating the inclusion of fraud in every service risk register. The establishment of a council-wide Counter Fraud Working Group will enhance this. The group's first task will be to develop council-wide fraud risk assessments. Similar to all services within the council, there has been limited resources within the council towards counter fraud arrangements. The appointment of a dedicated counter fraud officer provides a step-change in the council's counter fraud response. We submit an annual report to the Governance and Audit Committee to enable it to challenge activity and understand the council's counter-fraud activity.

Prevent
Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its activity and successes.
What is expected 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. The council can prevent and detect by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture. What we do / What we are going to do In conjunction with the Training and Development Team, we provided a programme of in person counter fraud training events in 2023-24, targeted at elected and lay members, and managers and officers with financial and procurement responsibilities. We will repeat this training at regular intervals and is supported by the rollout of eLearning in 2026. We will undertake regular awareness raising initiatives across the council and distribute National Anti-Fraud Network alerts to the relevant parts of the organisation when received. Where fraud is identified and successfully addressed it will be publicised to re-enforce a robust message from the top that fraud will not be tolerated. We will actively promote the importance the council gives to countering fraud, giving confidence to staff and members of the public that fraud is not tolerated.

Pursue

Prioritising fraud recovery and use of civil sanctions.
Developing capability and capacity to punish offenders.
Collaborating across geographical and sectoral boundaries.
Learning lessons and closing the gaps.

What is expected

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

The fifth principle of the Code advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.

It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity. Irrespective of the size and activities of an organisation, however, it needs to take appropriate action and report on that action to its governing body.

What we do / What we are going to do

The council will always seek the strongest possible sanction against any individual or organisation that defraud or attempt to defraud the council. Where criminality has been proven then the Proceeds of Crime Act 2002 will, where appropriate, be used to recover funds. Other methods of recovery may include, but are not confined to, civil proceedings, unlawful profit orders and compensation orders.

We will continue attending the North & Mid Wales Audit Partnership's Counter Fraud Working Group.

We will continue to coordinate data required from the council by the National Fraud Initiative for its biennial data matching exercise and explore high-risk matches identified by the NFI data matching exercise.

Protecting itself and its residents

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

Recognising the harm that fraud can cause in the community.

What is expected

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

What we do / What we are going to do

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

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

Appendix 3 – Counter Fraud, Bribery and Corruption Delivery Plan 2025-2028

Issue / Risk / Opportunity	Action	By Whom	By When	Current Status
Progress with delivering outstanding actions from Counter Fraud, Bribery and Corruption Action Plan 2022-2025				
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	March 2023 Revised date: December 2026	Work in progress. Due to competing priorities, one out of six 'Issues/Risks' remains outstanding from the 'Managing the Risk of Fraud and Corruption in Procurement' Action Plan - the Counter Fraud Working Group has not been established.
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 with Payroll and Payments Team Manager	Business as usual	Continuous monitoring is carried out annually. Duplicate Payments report issued in September 2025 and submitted to the Governance and Audit Committee. Appendix 6 details the alerts issued across the council to raise awareness and prevent fraud.
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	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: - a comprehensive programme of policy refreshment - counter-fraud awareness raising - an eLearning package	Head of Audit and Risk	Business as usual	- A programme of in person training was provided in December 2023, with two mop-up sessions in March 2024. - An eLearning package has since been rolled out council wide. Support will be requested from Leadership Team to make it mandatory for all staff. - Policy refreshment will be undertaken during 2026-27. - We supported colleagues in the Housing service to review the Housing Tenancy fraud policy.

Issue / Risk / Opportunity	Action	By Whom	By When	Current Status
				We are supporting colleagues in the Housing service to utilise the tools afforded by the National Fraud Initiative, i.e. AppCheck highlights possible fraudulent applications as well as positively identifying genuine applications by matching application data against a range of data sources already collected by the NFI biennial batch matching exercise.
The identification, assessment and understanding of fraud risks is a cornerstone of effective counter-fraud arrangements	We will, in conjunction with services, develop three key work streams which will: - seek to identify fraud risks across the Council - assess fraud control activities and their effectiveness, and - dedicate the right level of resource to investigating and detecting fraud where reported A counter-fraud working group will be developed to help identify fraud risk across the Council. We will work with the group to develop a fraud risk assessment to identify the possible frauds to which services may be exposed. The assessment will estimate both the potential impact of a given fraud and the likelihood of it occurring. The results of the assessments will enable the Council to understand better the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.	Head of Audit and Risk	December 2024 Revised date: December 2026	Not started. Due to capacity issues within the team, this work has not started. The establishment of a Counter Fraud Working Group is key to this action. A proposal will be made to Leadership Team to seek support for the establishment of this group. This will be prioritised. Key to responding to the risks the council faces from fraud is using its available resources to bring together services to undertake comprehensive fraud risk assessments, using appropriately skilled staff, using national intelligence as well as organisation-specific intelligence. These fraud risk assessments will be used as a live resource and integrated within the general risk management framework to ensure that the risks identified are appropriately managed and escalated as necessary.

Issue / Risk / Opportunity	Action	By Whom	By When	Current Status
Making the best use of information and technology by participating in the National Fraud Initiative	We will participate in the annual and biennial NFI exercises, which use data provided by some 1,200 participating organisations from across the public and private sectors to prevent and detect fraud. The NFI matches electronic data within and between public and private sector bodies, which include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The NFI data matching plays an important role in protecting the public purse against fraud risks.	Head of Audit and Risk in conjunction with services	Business as usual	National Fraud Initiative Outcomes Progress Report 2024-26 submitted to the Governance and Audit Committee in September 2025 . The next biennial exercise will commence in December 2026. We are currently participating in a pilot initiative, the outcome of which will be reported to the governance and Audit Committee.
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	A programme of fraud awareness training has been provided internally, and the National Anti-Fraud Network alerts continue to be circulated (Appendix 6), a programme of more general communications has 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	Business as usual	A week-long programme of in person training was provided in December 2023, with two mop-up sessions in March 2024. The eLearning has been launched and is available on the council's Learning Pool.
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	Business as usual	Information is provided to the Governance and Audit Committee through the Annual Counter Fraud, Bribery and Corruption Report and the Internal Audit Updates submitted to every meeting of the Governance and Audit Committee.

Issue / Risk / Opportunity	Action	By Whom	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	Business as usual	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 continues to meet 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 with the Director of Social Services	Business as usual	Following an audit of Financial Assessments, advice was provided to the Financial Assessment Team regarding 'Deprivation of Assets'. Other opportunities will be keenly sought to support colleagues across the council.
New actions from Counter Fraud, Bribery and Corruption Action Plan 2025-2028				
Professional Training	The Global Internal Audit Standards in the UK Public Sector forms the basis of UK public sector internal audit, effective from 1 April 2025. A requirement of the GIAS is that internal auditors should develop competencies related to pervasive risks, such as fraud. The team will continue with a programme of professional fraud training.	Head of Audit and Risk	March 2028	Not started. When capacity allows, the Insurance and Counter Fraud Officer will continue with their counter fraud studies.
The use of data analytics as detective exercises on areas of vulnerability	Data interrogation tools will be used in a continuous monitoring exercise of the payroll system to identify missing data such as NI numbers; high levels of pay or overtime claimed; duplicate names; duplicate bank account numbers, links to other organisations.	Head of Audit and Risk	Business as usual	The first report was submitted to the Governance and Audit Committee in September 2025 .
Failure to prevent fraud offence	Under the legislation, an organisation will be criminally liable where a specified fraud offence is committed by an employee, agent or other 'associated person', for the organisation's benefit and the organisation did not have	Head of Audit and Risk	March 2026	Work in progress.

Issue / Risk / Opportunity	Action	By Whom	By When	Current Status
	'reasonable' fraud prevention procedures in place. A self-assessment will be undertaken.		Revised date: December 2026	

Appendix 4 – Fraud Reporting Tool Outcomes 2025-26 (11/2024-03/25)

Type of Fraud	Number of allegations received	Number of allegations closed as unfounded following review / investigation	Number of allegations closed as the service conclude there is insufficient evidence to investigate	Number of allegations that are currently still under review	Number of allegations where fraud / error has been identified	Actual and estimated value of fraud / error
Revenues - Single Person Discount¹⁶ - Second Home premium evasion - Property not on the council tax / business rates list	44 (13)	17 (8)	10 (1)	13 (3)	5 (1)	See case studies – Appendix 5 (£5,000+)
Benefits - Council Tax Reduction Scheme (CTRS)¹⁷ - Housing Benefit	1 (2)	0 (0)	0 (2)	1 (0)	0 (0)	£0 (£0)
Blue Badges	2 (1)	1 (1)	0 (0)	1 (0)	0 (0)	£0 (£0)
Procurement / failure to deliver contract	0 (1)	0 (1)	0 (0)	0 (0)	0 (0)	£0 (£0)
Social Housing Tenancy Fraud	9 (1)	5 (1)	0 (0)	3 (0)	1 (0)	£42,000 (£0)
Planning	0 (1)	0 (1)	0 (0)	0 (0)	0 (0)	£0 (£0)
Public Protection / Trading Standards	3 (0)	1 (0)	0 (0)	1 (0)	0 (0)	£0 (£0)
Waste	1 (0)	1 (0)	0 (0)	0 (0)	0 (0)	£0 (£0)
Other	1 (0)	0 (0)	0 (0)	1 (0)	0 (0)	£0 (£0)
Total	61 (19)	25 (12)	10 (3)	20 (3)	6 (1)	

¹⁶ Allegations of Single Person Discount fraud are to be reviewed and verified by a pending one-off bulk review, followed by rolling reviews- as a result, individual allegations will not be investigated unless there is reliable and credible evidence.

¹⁷ Some of the above Single Person Discount fraud allegations also have means tested council tax reduction (CTRS) implications, but they have not been counted twice in these statistics.

Appendix 5 – Fraud Reporting Tool – Case studies

Social housing application fraud

Following an anonymous allegation that a potential tenant had not disclosed key information on their social housing application, a joint investigation by the Counter Fraud Officer and Community Housing Service resulted in a fraudulent application being prevented. The investigation determined that the applicant misrepresented their situation and failed to disclose key household information.

The Tenancy Fraud Forum (TFF) estimates that the average cost of social housing tenancy fraud to the public purse is around £42,000 per property. Costs for local councils vary and depend on the cost of temporary accommodation and associated housing benefit receipts. However, if a fraudulent application and subsequent allocation go undetected, the cost to the public purse over the lifetime of the tenancy is significant.

Council tax evasion – undeclared change in circumstances

An allegation of undeclared change in circumstances that would impact the owners' council tax liability and means tested Council Tax Relief Scheme (CTRS) entitlement was received. Following investigation by the Counter Fraud Officer and subsequent referral to Revenues:

- The undeclared council tax dwelling has been banded by the Valuation Office Agency (VOA) and backdated to the date of occupation, resulting in a charge of nearly £9k plus current and future years
- The means tested council tax reduction entitlement of the owners at their main residence was reviewed and subsequently cancelled, resulting in over £3k being payable for the period in question and future years

Council tax evasion – undeclared second home/new developments

An allegation concerned a potential undeclared second home/holiday let and also provided information about two possible undeclared new developments (conversion of two outbuildings into dwelling and ancillary accommodation). Following review, these two new developments were identified and are now being reviewed by the Revenues Enquires Officer. Subject to the VOA, they will be banded and enter the council tax list, resulting in increased council tax revenues. The Revenues Team is also in the process of determining whether the property should be subject to second home premium.

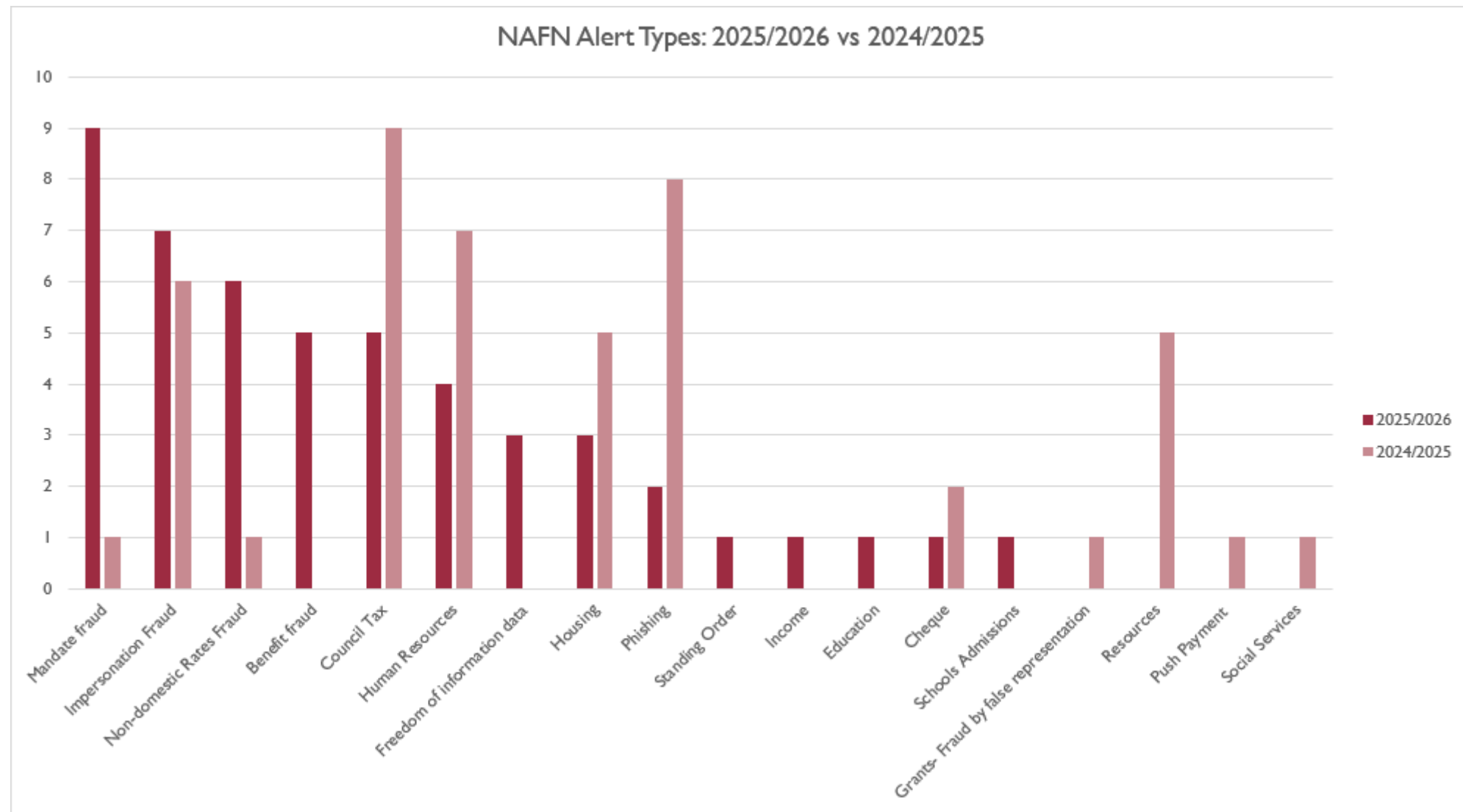
A similar allegation that a property was no longer someone's sole or main residence and that it was a holiday let was also received. The owner explained that there had been a recent change in circumstances. Consequently, second home premium has been applied, resulting in additional council tax of just under £3k for 2026-27.

Council tax evasion – unidentified dwellings

Two separate reports relating to unidentified dwellings were received. In the first, following a review of information provided, a previously unidentified residential dwelling has been reported to the VOA to be banded for council tax purposes- the council is still awaiting the banding issue to be resolved by the VOA. Excluding any discount/ means tested reduction entitlements, this will result in present year and future years of additional council tax revenue.

A report was received regarding a separate property, with an allegation of council tax evasion and breach of planning conditions. Following a review by the Counter Fraud Officer and referral to the Revenues and Planning teams, the previously unidentified dwelling was reported to the VOA for council tax banding. Whilst the dwelling has now been banded by the VOA and has entered the council tax list, as it is currently an unoccupied annex that cannot be legally let separately from the main property due to planning or legal restrictions, it is in receipt of council tax exemption.

Appendix 6 – Fraud alerts issued



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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	16 July 2026
Subject	Recruitment and retention challenges
Head of Service	Huw Ynyr Head of Digital, Performance and Modernisation
Report Author	Gwyndaf Parry Strategic Performance and Projects Manager
Reason for Reporting Paragraph 3.4.8.11.3 of the Committee's Terms of Reference states that "The committee will oversee external audit arrangements, comment on the scope and depth of external audit work and ensure it gives value for money. It will consider external audit reports and will monitor their recommendations.	

1.0 Introduction

- 1.1 The audit looked at the recruitment and retention challenges the Isle of Anglesey County Council (the Council) is facing. Including how well the Council understands its challenges, what it is doing in response, and how it reviews the value for money of its approaches.
- 1.2 The main audit question was, "Does the Council have proper arrangements to address its recruitment and retention challenges?"

2.0 Findings

- 2.1 The report states that the Council is taking a wide range of actions to tackle its recruitment and retention challenges many of which have been successful. But it does not generally assess the value for money of those approaches.
- 2.2 There are two recommendations for the Council:
 - 2.2.1 improving the use of data to inform its understanding of its current and future workforce trends
 - 2.2.2 arrangements to assess value-for-money.
- 2.3 The response form sets out our response to the recommendations and the proposed actions and timeline in response.

3.0 Recommendation

3.1 That the Governance and Audit Committee:

- Considers the audit examination and has assurance from its findings.
- Review the response form and has assurance that the proposed actions are appropriate.

Recruitment and retention challenges – the right people at the right time?

Isle of Anglesey County Council

June 2026

We have prepared and published this report for presentation under the following duties:

- section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) to help enable the Auditor General to be satisfied (or not) that the Council has put in place proper arrangements to secure value for money in the use of its resources; and
- section 15 of the Well-being of Future Generations (Wales) Act 2015 to help enable the Auditor General to assess the extent to which the Council is acting in accordance with the sustainable development principle in taking steps to meet its well-being objectives.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

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Audit snapshot

What we looked at

- 1 We looked at the recruitment and retention challenges the Isle of Anglesey County Council (the Council) is facing. Including how well the Council understands its challenges, what it is doing in response, and how it reviews the value for money of its approaches.
- 2 Our main audit question was, “Does the Council have proper arrangements to address its recruitment and retention challenges?”

Why this is important

- 3 Having the right workforce in place is essential for a Council to deliver the services its communities need and to meet its legal duties. To do this the Council needs to employ the right number of employees, with the right skills, at the right time.
- 4 The majority of the Council's day-to-day spending is used to pay for its workforce.

What we have found

- 5 We found that the Council is taking a wide range of actions to tackle its recruitment and retention challenges many of which have been successful. But it does not generally assess the value for money of those approaches.

What we recommend

- 6 We made two recommendations for the Council about improving the use of data to inform its understanding of its current and future workforce trends and about its arrangements to assess value-for-money.

Our findings

Understanding the challenges

The Council understands which posts are difficult to fill but does not systematically review the reasons behind this

- 7 The Council understands which of its roles are hard to fill within individual service areas but does not have corporate oversight of this. It struggles to recruit and retain staff in specialist areas such as legal, leisure, social services and occupational therapy. The Council recognises challenges include pay competitiveness, shortages of qualified staff in some professions and changing expectations around work-life balance. It has also identified local challenges such as the Council's geographical location and difficulty recruiting Welsh speaking staff for some posts. The Council does not have a council-wide list of hard to fill posts across the Council or the reasons why which limits its understanding at a corporate level.
- 8 Identifying its hard to fill roles across the Council, and the reasons why, can help the Council have a better understanding of its challenges and to target its resources.
- 9 The Council uses a range of ways to help it understand its recruitment and retention challenges. It gains information on its recruitment and retention challenges through its Annual Workforce Review, which is a questionnaire to managers. There is also effective communication between Human Resources (HR) officers and heads of service. This forms part of a workforce planning update to the Council's Management Team three times a year, helping senior leaders to have a broad overview of workforce matters.

- 10 However, the Council does not consistently collate data in a way that provides a corporate understanding of pressures. Much of the information that the Council relies on is informal or has the potential to be inconsistently collected, for example through questionnaires. Access to consistent data would help the Council identify gaps or risks to its workforce needs. It would also help it to avoid emerging problems being overlooked and make timely interventions to address its challenges.
- 11 The Council has awareness of its use of workforce management approaches such as fixed term contracts and agency staff. It uses fixed term contracts to meet temporary needs or for grant funded roles. The Council only employs agency workers when it is unable to recruit permanent staff.
- 12 The Council recognises and monitors the cost implications of using agency workers, particularly within its legal service where the Council has made significant use of them. It is clear that employing agency workers should only be a short-term solution. By being clear on its use of workforce management approaches and why, the Council reduces the risk of using short-term solutions which could make problems worse over the longer-term.

Addressing the challenges

The Council is taking a range of approaches to address its recruitment and retention challenges

- 13 The Council is proactive in using a wide range of approaches to attract and retain staff. For example, the Council has a strong learning and development offer providing development opportunities for staff at a range of grades. These include targeted programmes for management and leadership development, a graduate scheme and paid work experience in social care. The Council also offers its staff financial and lifestyle benefits, health and wellbeing support and options for work-life balance such as hybrid and flexible working.

- 14 The Council has strengthened its recruitment processes through an online recruitment system. The Council believes this has made processes easier for both applicants and recruiting managers and helped it to onboard new starters more quickly. But the Council does not collect the data it would need to demonstrate this. The also Council provides a corporate induction process which includes e-learning modules, a staff well-being booklet, and a face-to-face session with senior leaders. An efficient onboarding process can help new employees to feel engaged and motivated as well as helping them to quickly become productive in their roles.
- 15 Having a range of approaches to recruit and retain people helps the Council secure the talent it needs to deliver its services and objectives. This increases the likelihood of the Council being able to recruit and retain people and help it to grow its future workforce.
- 16 The Council provides opportunities for staff to help inform how it responds to recruitment and retention challenges. Staff have annual development conversations with their managers and can also input into a bi-annual staff survey. New starters can also provide feedback through a new starter questionnaire. The Council offers exit interviews to staff that are leaving the organisation, but the Council does not record how many staff take this opportunity. By engaging effectively with its employees, the Council can capture timely insight into its recruitment and retention challenges, including potential problems, trends, and solutions. This can help the Council understand where best to target its resources and interventions.
- 17 The Council proactively seeks to work with others to tackle recruitment and retention challenges. This includes working with local colleges to support people with additional learning needs into employment and attending schools' recruitment roadshows. It also works with the third sector in the county to widen access to Council employment and support applicants to fill in application forms. By working with partners, the Council increases opportunities to share resources, expertise, and good practice and widen its potential pool of applicants for hard to fill posts.

Reviewing value for money

The Council does not assess the value for money of its approaches to recruitment and retention

- 18 The Council does not collate data to evaluate its recruitment and retention activities. The Council has examples of cost monitoring on the use of agency staff. However, these do not form part of a corporate framework for assessing value for money. The Council does not routinely monitor and evaluate the cost effectiveness of its major initiatives such as its online recruitment system and various recruitment initiatives. By not having clear arrangements in place, the Council is unable to assess the value for money of its recruitment and retention activity, including its impact.
- 19 The Council does not systematically capture learning or share good practice on its recruitment and retention activity. Within the Council there are informal opportunities for learning through the HR officers engagement with services. By not always sharing learning, the Council may miss opportunities to improve its approaches to recruitment and retention and improve value for money.

Recommendation

R1 The Council should ensure it has the information and data it needs to enable it to understand current and future recruitment and retention trends (**paragraphs 10 and 18**).

R2 The Council should develop an approach to assessing the value for money of its approaches to recruitment and retention (**paragraphs 18 and 19**).

Appendices

1 About our work

Scope of the audit

We looked at the challenges the Council faces in recruiting and retaining staff. This included how well the Council understands the challenges, the steps it is taking to respond to these challenges, and the how it reviews the value for money of its approaches.

We did not look at the wider topic of workforce planning.

Audit questions and criteria

Questions

We set out to answer the following questions:

- Does the Council understand its recruitment and retention challenges?
- Is the Council taking action to its address recruitment and retention challenges?
- Does the Council review the value for money of its approaches to address recruitment and retention challenges?

Criteria

We have assessed the Council's arrangements by answering the above audit questions. To help us do that, we have created a set of audit criteria which explains 'what good looks like'. We have used the audit criteria to help us analyse the evidence we collected from our review of documentary evidence and the interviews we conducted.

Our audit criteria were informed by a combination of our knowledge and experience and research into this topic. It was also informed by our conversations with national stakeholders.

Methods

We interviewed senior officers and the cabinet member responsible for developing and delivering the Council's strategic approach to meeting its recruitment and retention challenges.

We also interviewed senior officers from three Council services that have faced acute recruitment and retention challenges.

We also reviewed a range of documents relevant to the audit questions we were seeking to answer.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



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Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

Management response form



Audit Wales use only	
Audited body	Cyngor Sir Ynys Môn
Audit name	Recruitment and retention challenges
Issue date	10 June 2026

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Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	The Council should ensure it has the information and data it needs to enable it to understand current and future recruitment and retention trends (paragraphs 10 and 18).	The Council will strengthen its acquisition, analysis and reporting arrangements for workforce data to understand recruitment patterns and to be more consistent. This will include reviewing the data already available, agreeing on a core set of workforce indicators, and develop regular reports for the Leadership Team highlighting trends, areas of risk and services where recruitment or retention	December 2026	Head of Human Resources, Communication and Customer Experience	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		pressures are more obvious. We will review and respond to trends on an individual service level and on a whole Council level.			
R2	The Council should develop an approach to assessing the value for money of its approaches to recruitment and retention (paragraphs 18 and 19).	The Council will develop a value for money framework for recruitment and retention activities. The framework will consider direct and indirect costs, the effectiveness of recruiting channels, retention rates after appointment and the use of retention measures such as career development, flexible working and succession planning. The findings will be used to inform decisions around	March 2027	Head of Human Resources, Communication and Customer Experience	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		investment and workforce priorities in the future.			

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2026
Subject:	Annual Corporate Health & Safety Report 2025-26
Head of Service:	Christian Branch Head of Regulation and Economic ChristianBranch@anglesey.gov.wales
Report Author:	Stephen Nicol Principal Corporate Health & Safety Advisor StephenNicoll@anglesey.gov.wales
Nature and Reason for Reporting: The Governance and Audit Committee's Terms of Reference has an explicit requirement for the Committee to receive an annual assurance report regarding Corporate Health and Safety (3.4.8.7.3) as part of its wider consideration of the Council's assurance framework (3.4.8.7.1). As part of its considerations, the Committee is required to ensure there is clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided (3.4.8.7.2). The Committee is also required to keep up to date with significant areas of strategic risks and major operational and project risks (3.4.8.8.1).	

1. Introduction

- 1.1 This report updates the Committee, as at 31 March 2026, on the Council's activities with regards Corporate Health and Safety during 2025-26.
- 1.2 The report provides an overview of the health and safety activity at the Council during the period, including an analysis of accident and incidents and key achievements. It also sets out a strategic plan for 2026-2031.

2. Recommendation

- 2.1 That the Governance and Audit Committee:
 - Considers whether the Council's activities regarding Corporate Health and Safety adequately address the risks and priorities of the Council
 - Takes assurance that reasonable measures are in place to manage health and safety risks to an acceptable level.



Health and Safety

Annual Report 2025 / 26

Outlines the health and safety performance of the Council

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Cynnwys

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Executive Summary

The Council's Health and Safety performance during 2025/26 shows continued overall improvement, with total recorded incidents reducing for a second consecutive year. A total of 1,315 incidents were reported, compared with 1,362 in 2024/25 and 1,675 in 2023/24, reflecting the effectiveness of existing control measures and governance arrangements.

However, this positive trend is offset by a significant rise in incidents involving employees, increasing from 404 to 546. This shift indicates a changing risk profile, with workplace risks increasingly affecting staff, particularly those in frontline, education, care and other public-facing roles.

The most notable area of concern is the continued increase in violence, aggression and abusive behaviour toward staff. Incidents involving physical assault, challenging behaviour and verbal abuse have risen, particularly within Education and Care settings.

Other incident types, including slips, trips and falls, remain the most frequently reported but are generally well understood and managed through existing risk control measures. Public-related incidents have decreased overall, suggesting that risks to service users and visitors are being effectively controlled.

During the year, the Council also developed a new Health and Safety Strategic Plan for 2026–2031. Although not yet formally approved, the Plan was shaped directly by the risks, trends and learning identified in this report. It sets out a long-term framework for strengthening leadership, governance, data-informed decision-making and assurance across all services.

The Council continues to maintain robust governance, reporting, and compliance arrangements, supported by regular monitoring, corporate oversight, and service-level accountability. Progress has also been made in developing strategic and operational improvements, including enhanced reporting systems, targeted interventions, and the development of a Corporate Health and Safety Strategic Plan.

In summary, while overall performance continues to improve, the increasing number of incidents affecting employees - particularly those linked to violence and aggression - represents a key risk. Addressing this issue will be critical to ensuring the continued safe and effective delivery of Council services.

1. Introduction

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

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

2. Key Achievements

- A major achievement this year was the development of the Council's new Health and Safety Strategic Plan, created through extensive engagement with Services, the Leadership Team, Corporate Management Team, Health and Safety Coordinators and Business Managers. Although pending formal approval, the Plan provides a clear long-term framework for strengthening leadership, governance, data-informed safety and assurance.
- During a period of financial pressure across society and within the wider economic climate, the continued provision of Council services has remained vital. The ability to maintain those services while ensuring compliance with Health and Safety legislation represents a significant achievement.
- Incidents involving members of the public reduced from 830 to 740, despite very high levels of service usage across schools, leisure centres, youth services and care settings. This reduction indicates that risks to service users and visitors continue to be effectively managed.
- A cross-service working group was established to address the rise in violence and aggression within Education. This group—comprising Headteachers, Education Officers, the Early Intervention Team and Corporate Health and Safety—has developed new policies, procedures and awareness materials to support schools. Joint work with Social Services has also strengthened the approach to falls and behavioural risks in residential
- Significant progress was made in developing an electronic incident reporting system linked to the Risk of Violence Marker (RVM) process. This system will improve the speed, accuracy and consistency of reporting, support compliance with Data Protection requirements, and provide timely risk information to staff.
- Work has continued on developing a new corporate framework for managing Display Screen Equipment (DSE) risks, aimed at improving consistency and compliance across all Services. The emerging framework will enable automatic alerts for users when assessments are required, provide a clear route for coordinators and managers to review assessments, and support corporate monitoring of completion rates. Once finalised and implemented, it will offer a more structured, consistent and auditable approach to DSE compliance, strengthening both governance and assurance.

3. Corporate Management

The Leadership Team (LT) has continued to provide overall governance and strategic oversight of the Council's operations. This is supported by regular meetings of the Corporate Management Team, which facilitate the escalation of issues to the LT to ensure appropriate action is taken where required.

Corporate Health and Safety reports are presented to the Corporate Management Team on a quarterly basis.

4. Statistical Information

The data presented below includes all accidents and incidents reported during 2025/26 and comparison with 24/25 and 23/24. The internal classification of accidents and incidents has been in three categories - Minor, Serious and RIDDOR.

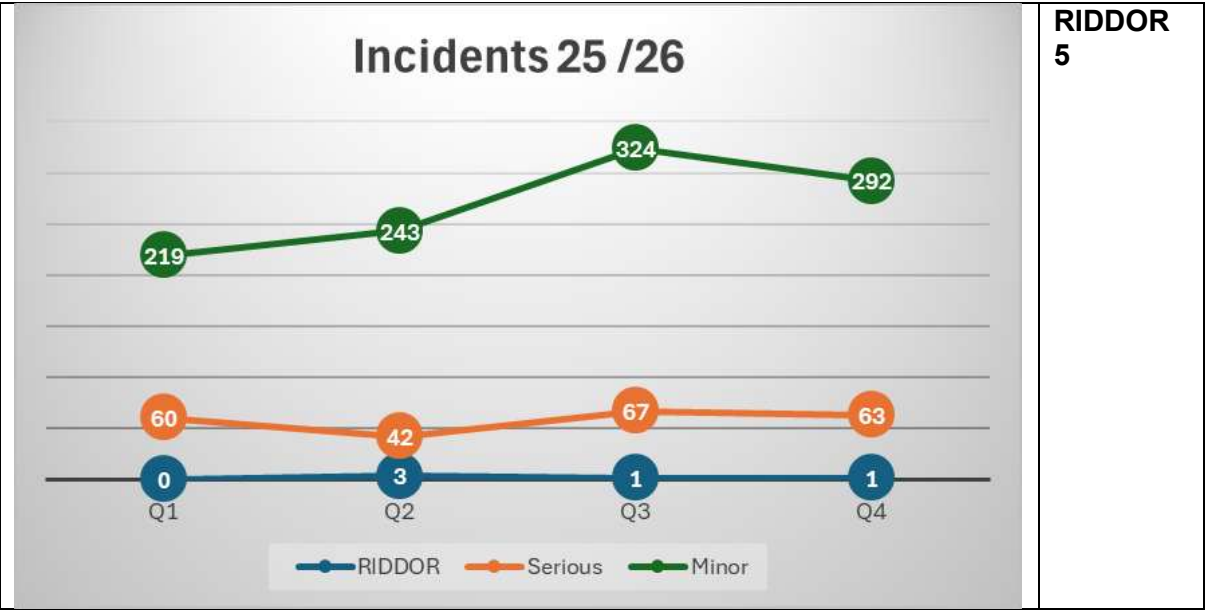
- a. Minor accidents and incidents** would have been accidents / incidents where the resulting injury or loss was insignificant. This includes accident and incidents which resulted in no injury or loss and the potential outcome may be insignificant if injury or loss had occurred.
- b. Serious accidents / incidents** are classified where the outcome resulted in significant injury or loss or where there was potential for significant injury or loss. This includes accidents and incidents which resulted in no injury or loss but the potential outcome may be significant if injury or loss had occurred.
- c. RIDDOR accidents and incidents** are those which met specific criteria that required reporting to the HSE. The criteria for reporting these types of accidents and incidents are provided within the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Graph 1 below presents the number of accidents and incidents for the whole authority during 2025/26. This includes incidents involving members of the public, service users, school pupils, contractors, facilities as well as employees.

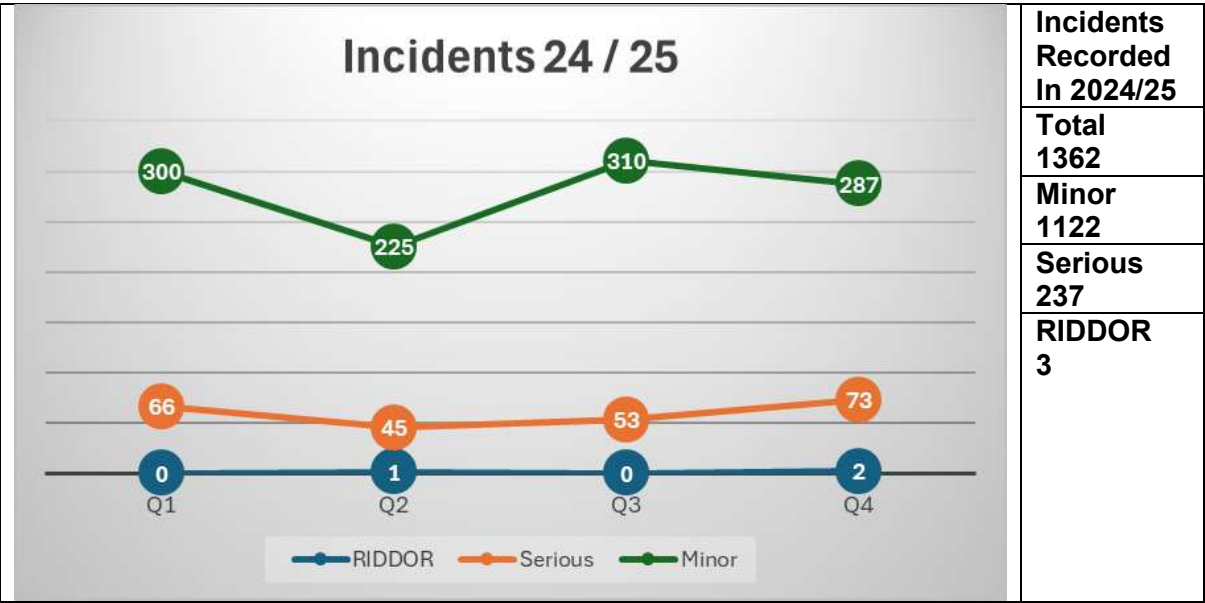
All incidents reported

Graph 1 – All incidents 2025/26

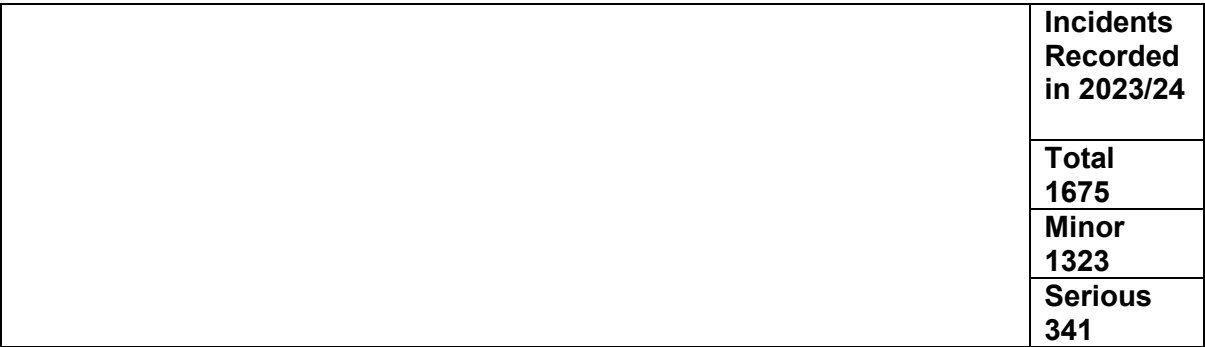
	Incidents Recorded In 2025/26
	Total 1315
	Minor 1078
	Serious 232

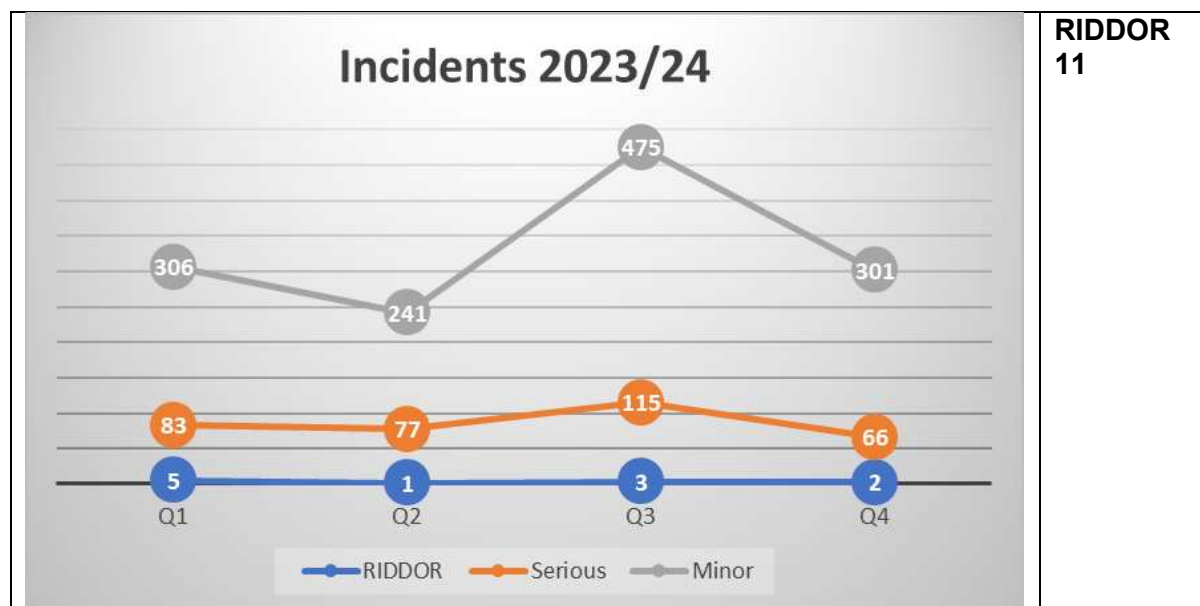


Graph 2 – All incidents 2024/25



Graph 3 – All incidents 2023/24





Analysis of graphs 1, 2 and 3 shows a decrease in the number of accidents and incidents reported in 2025/26 compared to the previous two years.

As the Council has a duty of care for members of the public as part of the undertaking, incidents recorded for members of public are included in the overall total figures. Members of the public include, school pupils, pre-school pupils, Youth Club members, Clients in care homes and Leisure facility users.

Incidents for this group can include playground incidents, slip, trip and falls of clients due to mobility, sporting incidents and medical conditions. These are recorded for legal reason should further actions be required

The number for these incidents is presented below in Table 1

Table 1 – non work activity incidents

Type of location	Total number of incidents	Total number of users
Schools (Pupils)	389	9,256 pupils registered, and in school 190 days.
Dechrau'n Deg & Cylch Meithrin and Youth Club incidents (Pupils and Members)	79	Youth clubs 550 members 96 capacity per day 190 days
Leisure Centres (Users)	99	575,195 users over a period of 360 days.
Care Homes and Day Centres (Clients)	173	130 clients receiving care 365 days of the year.
Total	740	

Table 1 indicates there were 740 incidents reported regarding members of public in facilities run by the Council. This is a reduction on last year's total number of incidents - 830.

Each department have the data of the incident types and trends to enable them to identify areas that require interventions. This would include reviewing of risk assessments and development of new policies and procedures.

Employee only incidents

The graphs below present the number of accidents and incidents involving employees only.

Table 4 – Incidents relating to employee only 2025/26



Table 5 – Incidents relating to employee only 2024/25



Table 6 – Incidents relating to employees only 2023/24

Analysis of graphs 4, 5 and 6 show an increase in the number of incidents in 2025/26 compared to the previous years.

Types of incidents

The most significant incidents are presented in a table below, Table 2

Table 2

Type of incident	Total
Physical assault Additional Needs	209
This type of incident involves clients or pupils lashing out where possibly there is no intent. There may not be capacity to recognise potential to cause harm.	
Physical assault	86
This type of incident considers the person's intention could be to cause harm. The type of incident varies from pushing to striking a person, there has been physical contact	
Violent incident / Abuse	109
This type of incident involves members of staff receiving abusive or threatening comments from members of public. This may include members of public complaining about issues but in a volatile manner	
Challenging behaviour	48
This involves clients / pupils behaving in a possibly disruptive manner but due to mental capacity issue there may not be intent to cause distress	
Slip, Trip and Falls	333
Incidents recorded where an employee has fallen resulting in injury. This could include slippery surfaces or over obstruction	

Physical assault Additional Needs

These incidents mainly occurred in Education and Care Section. These related to incidents where the person may have lashed out without the intention of causing injury. There were 39 incidents resulted in a member of staff being struck. This figure is down from 62 the previous year. Within the Care section this would have resulted in a client risk assessment being undertaken to address the safety needs of both client and staff members. A similar process would be undertaken in specialist education environments.

In general education environment these incidents may have resulted in support from the Early Intervention Team.

Physical assault

Most incidents occurred in the education sector, with 38 involving other pupils being struck. A total of 30 incidents resulted in employees being struck, all occurring within primary schools. This has been identified as an issue which appear to be on the rise. Monthly meetings have been taking place between Education, Corporate Health and Safety and the Early Intervention team to discuss and provide support to the schools as required.

Further work is planned with a Working Group specifically looking at potential controls to address the issue.

Violent incident / Abuse

These incidents occurred in a cross section of the Council. Incidents of verbal abuse over the phone were included in these figures. There were 18 incidents where the verbal abuse was direct at a pupil or member of public within a Council property. A total of 90 incidents were recorded where the verbal abuse was directed at Council employees. This compares with 65 incidents in the previous year.

The Managing Contact – Unacceptable Actions by Customers Policy has considered these types of actions and allows for staff to inform the client the behaviour is unacceptable and terminate the phone call. This would then result in an incident form being completed. Where the behaviour is face to face a risk assessment may be undertaken. If it is a public building such as a Leisure Centre or Recycling Centre the possible exclusion from entry may be imposed on the perpetrator.

Challenging behaviour

These incidents occurred in Education and Care. The incidents related to pupils or client behaviour being disruptive to the persons present or work being undertaken. This may have resulted in review of the risk assessment. 4 incidents were recorded where Council employees have been affected by the behaviour.

Slip, Trip and Falls

A total of 333 incidents of slip, trip and falls were recorded. The fall categories do split further into fall from object and fall from heights. A total of 86 slip, trip and fall incidents were recorded among school pupils, all of which were considered to fall within the acceptable parameters of routine school play. Within the Care Homes and Care Section 135 falls were recorded in relation to clients falling, possibly due to medical conditions and frailty. When a client fall occurs in Care Homes, a fall risk assessment is carried out specific to the client. This would be to identify the risk of future falls and possible controls to reduce the risk. General slip, trip and falls where employees were the injured party equated to 30 incidents.

Manual Handling

Manual Handling incidents occurred mainly in the care section. This would relate to assisting clients rather than lifting objects. Specific training is provided to enable assisting and lifting clients in line with national guidance. In the year 2024/25 the number of incidents was 35. The year 2025/26 this had reduced to 16.

'Another Type' of incident is listed as a type of incident on the recording system. This is used for incident where it is difficult to class an incident. This may be where a member of staff has reported something as a concern. A total of 55 incidents were recorded under this heading.

There are other specific categories of incidents but the figures for these were considered low.

An additional category had been introduced this year which was Use of Weapon. This was introduced due to several Freedom of Information requests. There were 11 incidents recorded under this category. 10 of these were in a school environment. The category includes incidents where the perpetrator had possession of a weapon and not necessarily used it. An example would a pupil found in possession of a knife.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR)

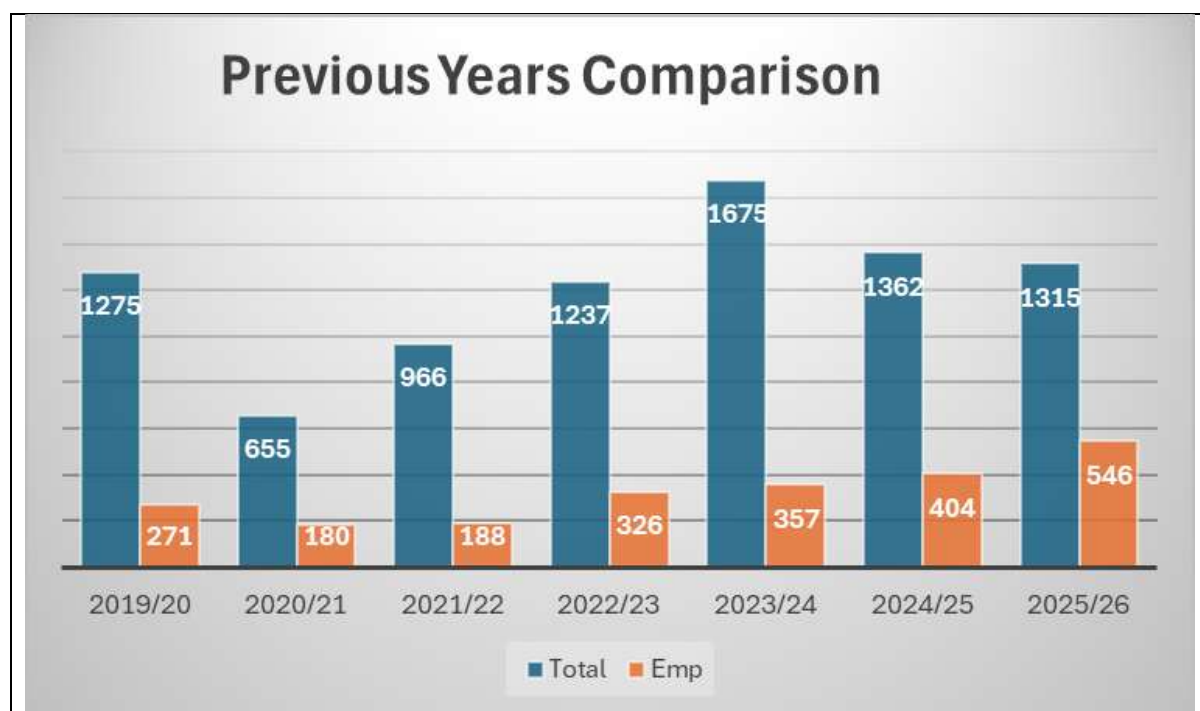
RIDDOR is the law that requires employers, and other people in control of work premises, to report and keep records of work-related accidents which cause death; work-related accidents which cause certain serious injuries (reportable injuries), diagnosed cases of certain industrial diseases; and certain 'dangerous occurrences' (incidents with the potential to cause harm).

Work-related accidents involving members of the public or people who are not at work must be reported if a person is injured and is taken from the scene of the accident to hospital for treatment to that injury. There is no requirement to establish what hospital treatment was provided and no need to report incidents where people are taken to hospital purely as a precaution when no injury is apparent.

A breakdown of the RIDDOR reports is presented below Table 3

Table 3 RIDDORs reported

Date	Incident	Reason for report
02/07/2025	Fall from a height under 2m	Over 7-day injury
17/07/2025	Fall from a height under 2m	Member of Public direct to hospital
25/09/2025	Another kind of in incident	Over 7-day injury
15/10/2025	Hit something fixed or static	Over 7-day injury
26/01/2026	Hit by moving/flying object	Member of Public direct to hospital

Graph 7 - Long Term Comparison

Due to the Covid19 crisis many work practises were restricted during the period 2019 to 2022. A request was made at a previous Audit Committee meeting to provide a long-term comparison of figures. The figures in graph 7 above include all incidents reported as Total and employee only incidents reported as Emp.

The table and graph above illustrate the drop in figures during the period of restriction. The year 2022/23 shows an increase from the period 2020/21 and 2021/2022. This increase was to be expected with the increase of activity. The figures remained below those of 2019/20 which is the last year before restrictions were implemented.

The increase continued during 2023/24 but there has been a slight reduction in total incidents in 2024/25. This has continued during 2025/26 the Employee Only incidents have continued to rise.

A number of factors may have contributed to the increase. Raised awareness of the need to report incidents may be a factor.

5. Partnerships

The North Wales Health and Safety Teams

There has been ongoing collaboration between the Corporate Health and Safety Teams in North Wales Local Authorities. This work has focused on developing consistent policies across counties, as well as reviewing and assessing control measures relating to asbestos management, lone working, and violence and aggression.

Regular discussions on key issues, including building security, have also enabled authorities to compare existing controls and share best practice.

6. Joint Consultation

Health and Safety Group

Quarterly Corporate Health and Safety Group meetings have been held throughout 2025/26. These meetings provide an opportunity for Health and Safety Co-ordinators from across all Council services to share information and discuss key issues.

Updates are delivered by the Corporate Health and Safety team on developments in health and safety, including relevant guidance and issued by the Health and Safety Executive (HSE). This enables services to review and assess their own arrangements to ensure they remain effective and compliant.

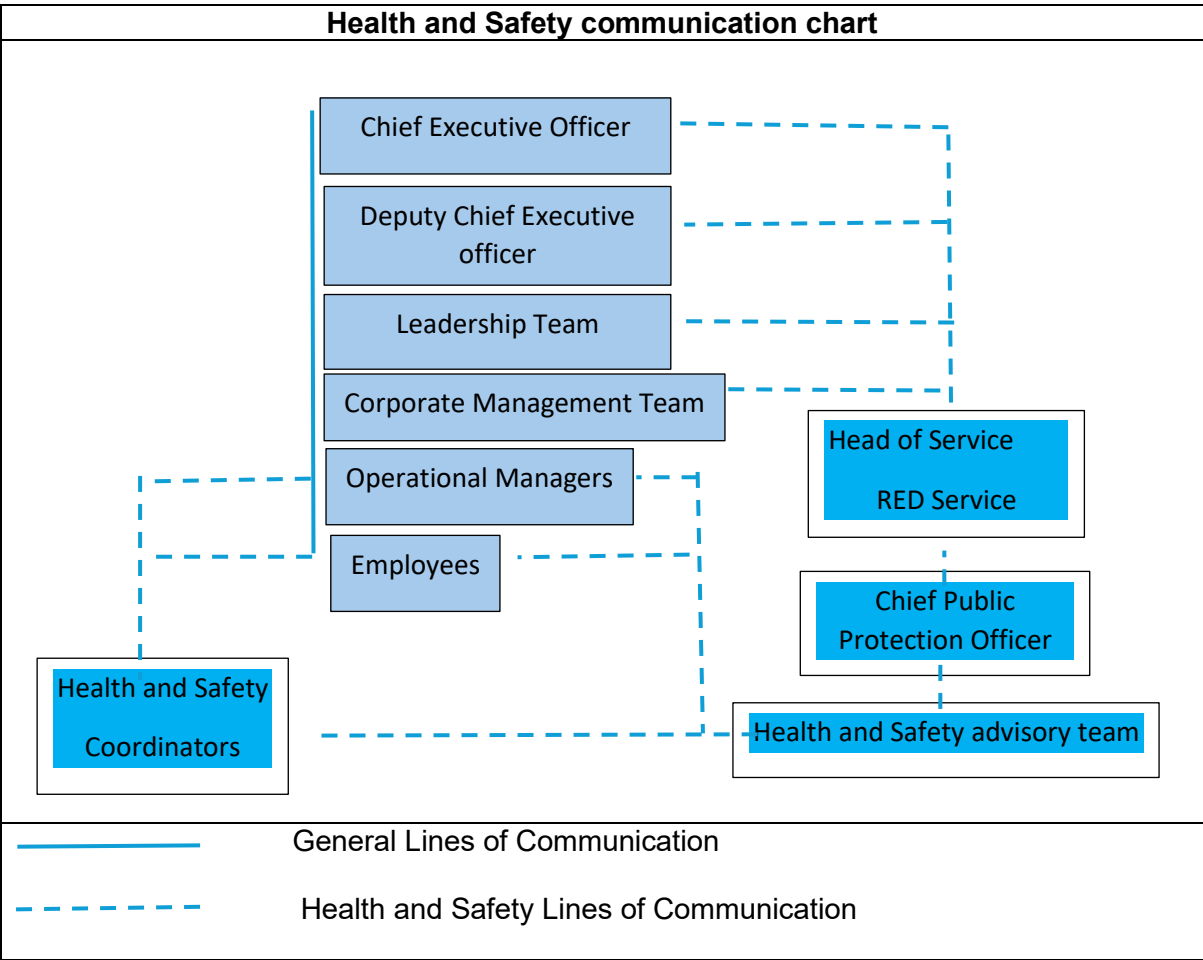
7. Occupational Health Provision

A bilingual Occupational Health Service is provided by Gwynedd County Council, which is managed by the HR Service. There are 450 appointments made available to staff each year. These are allocated via line manager referral or self-referral by the member of staff. There are 200 appointments made available to staff who feel they will benefit from physiotherapy these appointments are made by referral from Occupational Health following a consultation. During this period 59 employees received physiotherapy referrals through this system. Referrals to Medra are confidential.

8. Safety Performance

Corporate Health and Safety Support

The flow chart below shows a structure outlining the functional areas and lines of communication for Corporate Health and Safety. The Corporate Health and Safety Team is managed by the Licensing and Corporate Safety Manager. The Licensing and Corporate Safety Manager reports to the Chief Public Protection Officer who reports to the Head of Service.



The Corporate Health and Safety Team’s work plan is part of the Licensing & Corporate Health & Safety Service Plan. The Corporate Health and Safety Team’s actions are presented below in table 4.

Table 4 Corporate Health and Safety Team Actions

Key Actions	Success Criteria (How do we know when you have achieved the Key Action?)	2025 / 2026 Quarterly Targets				Resources Other than own
Ensure the Council effectively undertakes its (internal & external) statutory health & safety duties and responsibilities	Develop Corporate H&S action plan	Q1	Q2	Q3	Q4	
		1			1 draft	
	Review Policies – Online intranet policies up to date	Q1	Q2	Q3	Q4	ICT provide links from Monitor
		Target				
		10	7	9	6	
		Completed				
	Potential Violent Person/Accidents Risk register. Monitor PVP marker system. Review on a quarterly basis	Q1	Q2	Q3	Q4	
		Target				
		1	1	1	1	
		Completed				
	Percentage response to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) accidents within Local Authority Premises within 5 days	Q1	Q2	Q3	Q4	
		100%	100%	100%	100%	
		Number of RIDDORs				
		0	3	1	1	
	Service management meetings. Attend meetings to report on H&S matters as and when required/requested	Q1	Q2	Q3	Q4	Services to arrange meeting and venues
		100% when requested or required				
		4	2	5	6	
	HS Group meetings. Quarterly meetings. Agendas topic lead.	Q1	Q2	Q3	Q4	
		Target				
		1	1	1	1	
		Completed				

	Quarterly Health and Safety Bulletins on live topics. Aiming to create a H&S culture	1	2	2	2	
		100% on request				
		1	2	2	2	
	Reactive work to a service level target of an initial response within 1 working day.	Q1	Q2	Q3	Q4	
		Requests per Quarter				
		155	179	172	178	
		Total 684				
	Corporate H&S Annual Report to audit Committee scheduled meeting	Q1	Q2	Q3	Q4	
				1		
	Number of planned health & safety interventions at Council premises. This is an overall target for the range of activities that are carried out across the local authority. This will include proactive monitoring, inspections and audit, also reactive inspection activities such as incident investigation.	Q1	Q2	Q3	Q4	
		Target				
		10	10	10	10	
		Completed				
		11	10	10	10	
		Q1	Q2	Q3	Q4	
Accident stats	Quarterly reports	1	1	1	1	

9. Health and Safety Strategic Plan 2026-2031

During 2025/26, the Council developed a new Health and Safety Strategic Plan to provide a long-term framework for strengthening leadership, governance, data-informed safety and assurance across all Services. The Plan, which is pending formal approval, was shaped directly by the risks, trends and learning identified in this Annual Report, including the rise in employee-related incidents and increased violence and aggression in public-facing services.

Once approved, the Strategic Plan will form the basis for the 2026/27 Health and Safety Action Plan, ensuring that operational priorities for the coming year are aligned with both the Council's strategic direction and the performance data from 2025/26.

The strategic Health and Safety Plan is presented in Appendix 1.

10. Conclusion

The Council continues to demonstrate a strong commitment to the effective management of health and safety, supported by established governance arrangements, regular monitoring, and clear lines of accountability across Services. The overall reduction in total incidents during 2025/26 indicates that existing systems and control measures are having a positive impact.

However, the data also highlights a changing risk profile, with a significant increase in incidents involving employees. In particular, the rise in incidents relating to violence, aggression and challenging behaviour—most notably within Education and other public-facing services—represents a key area of concern. This presents important challenges for staff welfare, service resilience, and the safe delivery of services.

Measures are being taken to address these risks, including strengthened collaboration between Services, the development of targeted interventions, and the establishment of working groups to focus on high-risk areas such as school environments. In addition, progress continues to be made in developing systems and frameworks, including incident reporting, risk alert mechanisms, and compliance processes, which will further support improvement.

The Council's corporate approach to health and safety remains robust, with clear strategic direction provided through the emerging Health and Safety Strategic Plan. Continued focus will be required to ensure that these arrangements are consistently applied across all Services and that emerging risks are effectively managed.

The Strategic Health and Safety Plan provides a clear and structured response to the issues identified within this report, ensuring that areas of emerging risk - particularly those affecting the workforce - are addressed through a coordinated, long-term approach.

In conclusion, while overall performance is improving, targeted action is required to address the increasing risks to employees, ensuring that the Council maintains a safe and resilient working environment for staff, service users, and the public.

Appendix 1 - Strategic Health and Safety Plan 2026 - 2031



Ynys Môn
THE ISLE OF
Anglesey

Health and Safety Strategic Plan 2026–2031

Mae'r ddogfen hon hefyd ar gael yn y Gymraeg

This document is also available in Welsh



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

www.anglesey.gov.wales

Foreword



Councillor Gary Pritchard
Council Leader



Dylan J. Williams
Chief Executive

The health, safety and wellbeing of our workforce and the community are at the centre of everything we do. As a Council, we have a legal and moral responsibility to provide a safe working environment, protect our employees, and ensure that services are delivered without harm.

This Health and Safety Strategic Plan sets out our key priorities for creating a culture where safety is embedded in every decision and action. It reflects our commitment to strong leadership, robust governance, and continuous improvement. By being data informed, fostering competence at all levels, and maintaining clear accountability, we aim to reduce risk, safeguard wellbeing, and build resilience across the Council.

Our approach is proactive and collaborative. We will work as a team to uphold the highest standards of health and safety.

This strategic plan is not just about compliance; it is about creating a positive culture where everyone feels responsible for safety and empowered to act.

Purpose

The Council provides services to the residents and visitors of Anglesey. These include the maintenance of our housing stock; highways; footpaths; maritime facilities; schools; care provision; libraries; leisure centres and tourist attractions. These services contribute towards the vision of creating an Anglesey that is healthy and prosperous where people can thrive.

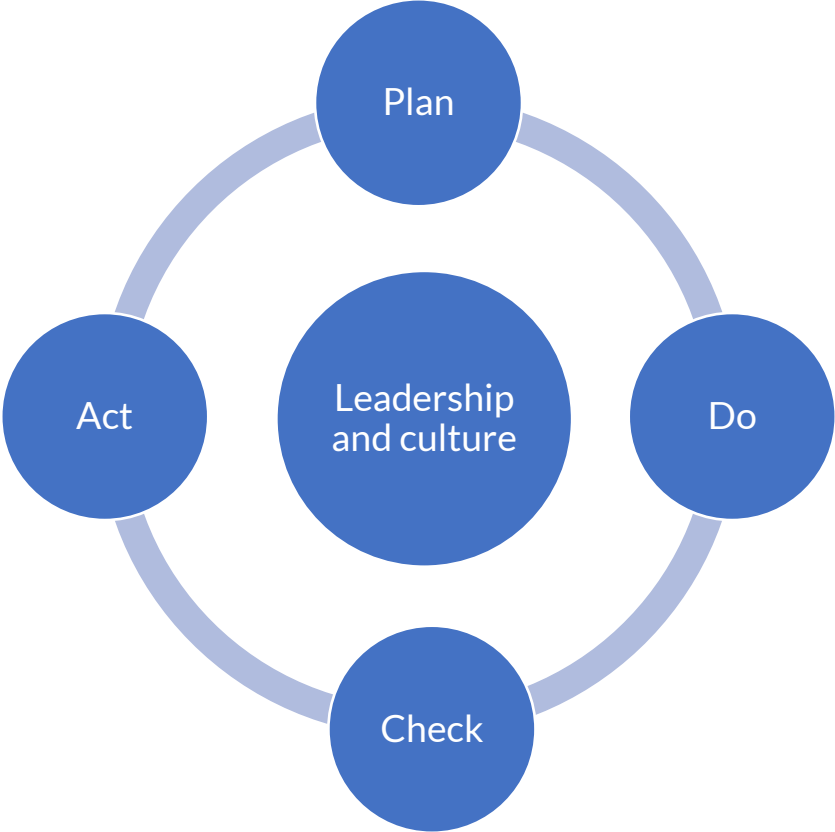
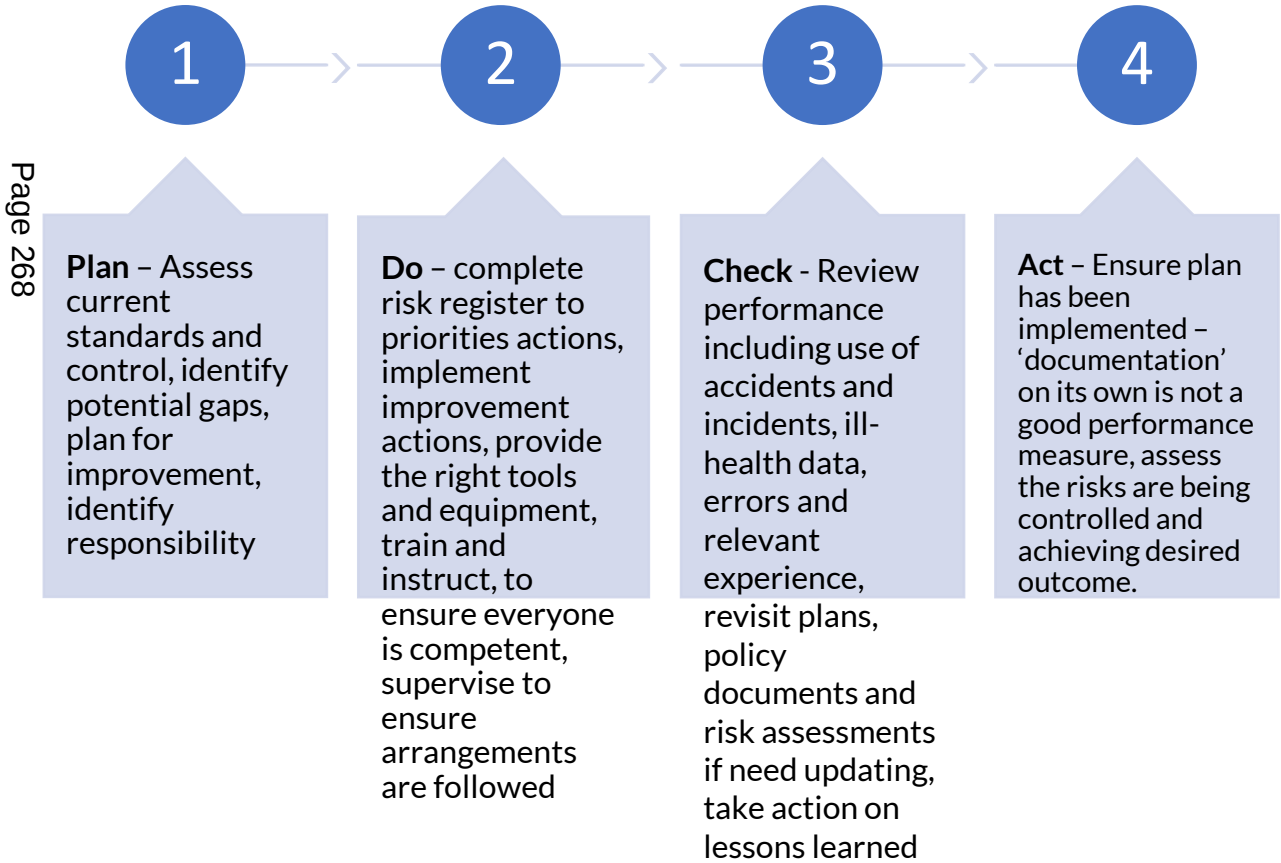
The Health and Safety Strategic Plan provides a clear framework for managing health and safety across all services and operations.

The plan sets our key priorities, ensures compliance with legislation and best practice, and promotes a positive safety culture where everyone takes responsibility. The strategic plan is central to maintaining public trust and delivering safe, high-quality services for our community.

- We are dedicated to protecting people and places and, helping everyone lead safer and healthier lives.
- Our role goes beyond worker protection to include public assurance within the Council.
- We work to ensure people feel safe where they work, visit and, in their environment.

Framework

The Council has a legal duty to put in place effective arrangements for managing health and safety. To meet this duty, the Council will use the Plan-Do-Check-Act framework. This approach provides a clear, structured, and reliable way to identify risks, control them, and review performance. It will form the basis of how the Council manages health and safety.



Council Plan Strategic Objectives

The Council Plan is the key document serving as a focal point for decision-making at all levels; providing a framework to plan and drive forward priorities; shape annual spending; monitor performance and progress.

At its core is our desire to work with Anglesey residents, communities and partners to ensure the best possible services, improve the quality of life for all and create opportunities for future generations.

The Council Plan’s vision is to:

Create an Anglesey that is healthy and prosperous where people can thrive.'



The Welsh Language

Increase the opportunities to learn and use the language.



Social Care and Wellbeing

Providing the right support at the right time.



Education

Ensuring an effective provision for today and for future generations.



Housing

Ensuring that everyone has the right to call somewhere home.



Economy

Promoting opportunities to develop the Island’s economy.



Climate Change

Responding to the crisis, tackling change and working towards becoming net zero organization by 2030.



[Council Plan 2023 to 2028 \(gov.wales\)](https://gov.wales)

Core values

The council's core values underpin everything we do, shaping our culture and guiding how we make decisions, work with partners and deliver services.

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Respect

We are respectful and considerate towards others regardless of our differences .



Collaborate

We work as a team, with our communities and partners to deliver the best outcomes for the people of Anglesey.



Honesty

We are committed to high standards of conduct and integrity.



Champion the Council and the island

We create a sense of pride in working for the Council and present a positive image for the Council and the Island.



Strategic circle

The strategic circle identifies the plans in place to ensure we are able to achieve our priorities and objectives.

This plan is a key strategic plan that aligns with the Council's Plan and contributes to the achievement of the strategic objectives and vision.



Key priority areas

1. Leadership and culture
2. Governance and compliance
3. Data informed safety and competence
4. Assurance

Leadership and culture

Why is this important?

Strong leadership and a positive organisational culture are vital for maintaining a safe and resilient council workforce.

A robust safety culture underpins safe operations. When shared values, beliefs, and attitudes towards safety are positive, they shape how employees think and act, creating a proactive approach to risk management.

Active engagement by senior officers in health and safety demonstrates visible leadership and a clear commitment to high standards.

By embedding health and safety across the council, we reduce risk, support wellbeing, and build trust—ensuring resilience across the whole council.

What will we do?

- Promote health and safety as a shared organisational responsibility.
- Clarify leadership roles and expectations
- Foster a culture of taking responsibility, openness, learning and accountability relating to health and safety.
- Develop a positive and proactive approach to health and safety across the Council.
- Monitor and review practices to ensure continuous improvement in health and safety standards.
- Promote accountability and proactive reporting of hazards.
- Model safe behaviours.

How will we do this?

- Use internal communications to reinforce expectations and celebrate good practice.
- Maintain regular reviews of health and safety performance.
- Ensuring appropriate resources are provided for the effective management of health and safety.
- Managers will lead by example and ensure systems are in place to monitor safe working processes.
- Measure positive culture change.
- Provide strategic support to services to embed safety culture.
- Integrate health and safety into all business decisions.
- Regular review and monitor practices for continuous improvements.
- Integrate health and safety into leadership development and performance reviews.

Governance and compliance

Why is this important?

Robust governance is essential for ensuring legal compliance, safeguarding our reputation, and providing assurance to elected members, regulators, and staff.

Clear escalation routes and transparent reporting enable timely responses and continuous improvement.

Compliance with legislation, internal policies, and recognised best practice is critical to protecting the wellbeing of employees, service users, and the wider community.

Maintaining these standards across all areas of the Council's work ensures a consistent, whole-Council approach.

What will we do?

- Strengthen oversight and escalation procedures for health and safety concerns
- Provide structured assurance reporting to senior leaders and elected members
- Align audits and inspections with strategic risks and priorities
- All services are expected to adhere to established health and safety procedures.
- Services should actively promote a culture of safety and accountability.
- Where possible, align methods of work across services to ensure consistency and best practice.

How will we do this?

- Maintain a clear escalation framework for staff and managers.
- Commission regular audits, inspections, and performance reviews.
- Use dashboards and KPIs to monitor trends and inform decisions.
- Share findings and learning across services to drive improvement.
- Ensure policies and procedures are in place to cover work activities undertaken by the Council.
- Individual services will develop and implement service-level procedures to ensure alignment and compliance with the relevant council policies.
- Clarifying and communicating consequences for when expectations are not met.
- Adequately resource the Council Health and Safety advisory team.

Data informed safety and competence

Why is this important?

Using data in health and safety is critical for making informed, evidence-based decisions that protect employees, service users, and the wider community.

Reliable data enables proactive intervention; measures impact over time and drives continuous improvement. It also strengthens transparency and accountability across the organisation.

Competence at all levels is equally important. A skilled workforce, supported by accurate data, ensures risks are managed effectively and creates a safe, informed working environment.

By combining robust data with professional expertise, we can manage risks proactively, improve services, and build resilience throughout the Council.

What will we do?

- Monitor internal data and KPIs to track progress.
- Identify areas for improvement using data.
- Provide training and development opportunities to build competence.
- Use data to inform resource allocation and decision making.
- Invest in staff development and training
- Use data to identify trends, evaluate impact, and guide decisions
- Promote consistent and high-quality health and safety practices

How will we do this?

- Ensure proactive reporting and timely intervention.
- Monitor performance data against established baselines to identify areas for improvement.
- Enhance systems for capturing and sharing lessons learned.
- Provide clear dashboards for decision making.
- Offer comprehensive training and induction programmes.
- Maintain a corporate training matrix and monitor compliance.
- Share intelligence across services to support joined-up working.
- Use benchmarking and external data to inform strategic planning.

Assurance

Why is this important?

Assurance activities are essential for verifying that health and safety systems, controls, and procedures are operating effectively and in compliance with legal requirements.

These processes provide evidence-based confidence to stakeholders, support continuous improvement, and ensure that risks are being appropriately managed.

Through regular assurance, the Council demonstrates due diligence, reinforces accountability, and upholds its commitment to safeguarding health and safety.

What will we do?

- Adopt a holistic approach to evaluate the overall impact and effectiveness of health and safety initiatives across the Council.
- Regularly inspect and review health and safety arrangements to ensure full compliance with all relevant legislation, regulations, and internal policies.
- Identify gaps and opportunities for improvement through structured audits and performance reviews.

How will we do this?

- Develop a structured audit schedule to regularly assess compliance and effectiveness across all services.
- Establish a clear reporting mechanism for audit outcomes, ensuring transparency and timely follow-up.
- Record and track significant audit findings, with actions assigned and monitored.
- Provide effective and concise reporting to the Management Team to support strategic oversight and informed decision-making.

What success will look like by 2031

By 2031, health and safety will be embedded as a core part of how the Council leads, plans and delivers services.

- **Clear leadership and ownership**
Health and safety responsibilities are clearly understood and consistently applied at all levels, with leaders visibly setting expectations and modelling safe behaviours.
- **A positive and mature safety culture**
Staff feel confident to report hazards, incidents and near misses, and learning is shared openly to prevent harm and drive improvement.
- **Strong governance and assurance**
The Council has clear, reliable assurance that health and safety risks are being effectively managed, with timely escalation and informed oversight by senior leaders.
- **Data informed decision making**
Accurate, timely data is used to identify trends, prioritise risk, target resources and intervene early, reducing serious incidents and harm.
- **Competent and confident workforce**
Staff and managers have the right skills, knowledge and support to manage risks safely in their roles, supported by consistent training and development.
- **Consistent standards across services**
Health and safety arrangements are applied consistently across the Council, proportionate to risk, and aligned to recognised best practice.
- **Improved outcomes and public confidence**
Fewer high-risk incidents, improved wellbeing, and increased confidence from employees, service users, Members and regulators.

Governance, Monitoring and Risk Management

Key risks to delivering the strategic plan

- Internal capacity
- Legislative or regulatory changes
- Need to respond quickly to unforeseen events
- Budgetary constraints
- Resistance to change
- Cultural barriers and complacency

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How we will manage these risks

- Clear governance arrangements to ensure accountability, coordination and strategic oversight
- Quarterly reports summarising actions, outcomes and issues for the Management Team, with escalation to the Leadership Team where required
- Regular review of accident and incident data at Service, Management and Leadership Team level (monthly and/or quarterly)
- Ongoing monitoring of:
 - Improvements achieved
 - Areas of concern
 - Compliance with legal requirements
- Annual progress report and a full review of the strategic plan to ensure continued relevance and effectiveness

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	16 July 2026
Subject	Review of Forward Work Programme for 2026-27 v3
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 2026-27 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 development 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.

2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - considers whether the Forward Work Programme proposed for 2026-27 meets the Committee's responsibilities in accordance with its terms of reference.

Appendix A – Forward Work Programme 2026-27 v3

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
Composition and arrangements (3.4.8.2)						Annual Review of Committee's Terms of Reference (3.4.8.2.1) Private meeting with internal and external audit without officers present (3.4.8.2.6) (3.4.8.10.15) (3.4.8.11.5)
Accountability arrangements (3.4.8.3)	Action Log Review of Forward Work Programme 2026-27 v2 (3.4.8.3.2) Annual Chair's Report 2025-26 (3.4.8.3.1/2)	Action Log Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2026-27 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2027-28 (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2)	Final Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2) Annual Scrutiny Report 2025-26 (3.4.8.4.4)			

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
Treasury Management (3.4.8.5)		Annual Report 2025-26 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2027-28 (3.4.8.5.1/3/4)	
Value for money (3.4.8.6)	Annual Internal Audit Report 2025-26 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6.3)	Draft Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) Draft Statement of Accounts 2025-26 (3.4.8.12.1/2) (3.4.8.6.1/2/3)	Final Annual Governance Statement 2025-26 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) Final Statement of Accounts 2025-26 (3.4.8.12.1/2) (3.4.8.6.1/2/3) Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3)		Annual Audit Summary 2026 (3.4.8.11.2/3) (3.4.8.6.3)	
Assurance Framework (3.4.8.7)		Annual Health & Safety Report 2025-26 (and Corporate Health and Safety Strategic Plan) (3.4.8.7.1/2/3)		Annual Information Governance (SIRO) Report 2025-26 (3.4.8.7.1/2/3) Annual Information Governance in Schools Report 2025-26 (3.4.8.7.1/2/3) Annual ICT Security Report 2025-26 (3.4.8.7.1/2/3)		Annual Insurance Report 2026-27 (3.4.8.7.1/2/3)

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
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)	Annual Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1)	
Countering Fraud and Corruption (3.4.8.9)		Annual Counter Fraud, Bribery and Corruption Report 2025-26 (3.4.8.9.4/5/6)		<i>Annual Concerns, Complaints & Whistleblowing Report 2025-26</i> (3.4.8.9.1) (3.4.8.14.2)		National Fraud Initiative 2026-28 Outcomes – Progress Report (3.4.8.9.6)
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2025-26 (3.4.8.10.5/6/7/8/11/14/15) (3.4.8.6.3) Internal Audit Strategy and Annual Plan 2026-27 (3.4.8.10.1/2/4/5) Review of Internal Audit Charter (3.4.8.10.2/12)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues / Risks / Opportunities (3.4.8.10.9/10)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Internal assessment of conformance with the Global Internal Audit Standards in the UK Public Sector (3.4.8.10.1/2/8/11/13)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues / Risks / Opportunities (3.4.8.10.11)
External Audit (3.4.8.11)		Recruitment and Retention (Local Report) (3.4.8.11.1/2/3)	Work Programme and Timetable – Quarterly Update (Q1 2026) (3.4.8.11.2/3)	<i>National Reviews and their Related Recommendation</i> (3.4.8.11.3) (3.4.8.13.1)	Work Programme and Timetable – Quarterly Update (Q3 2026) (3.4.8.11.2/3)	Annual Audit Plan 2027 (3.4.8.11.1/3)

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
			Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3) (3.4.8.12.4) Financial planning in adult residential care (Local Report) (3.4.8.11.2/3)		Annual Audit Summary 2026 (3.4.8.11.1/2/3) (3.4.8.6.3)	
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2025-26 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)	Final Statement of Accounts 2025-26 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)			
Other regulators and inspectors (3.4.8.13)				National Reviews and their Related Recommendation (3.4.8.11.3) (3.4.8.13.1)		
Complaints Handling (3.4.8.14)				Annual Concerns, Complaints & Whistleblowing Report 2025-26 (3.4.8.14.1/2) Annual Letter of the Public Services Ombudsman for Wales 2025-26 (3.4.8.14.1)		

Core Function	25 June 2026	16 July 2026	28 September 2026	3 December 2026	11 February 2027	15 April 2027
Self-assessment (3.4.8.15)			Draft Annual Self-assessment and Performance (Wellbeing) report 2025-26 (3.4.8.15.1/2/3)			
Panel Performance Assessment (3.4.8.16) ¹	Panel Assessment Report (3.4.8.16.1/2/3)					
Auditor General Special Inspection (3.4.8.17) ²						
Substantive Items	5	8	9	9	6	7

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.

² If the Auditor General carries out a special inspection (as it considers the Council is not, or may not, be meeting its performance requirements, and a report is sent to Council, as soon as reasonably practicable after receiving such report, the Council must make it available to the Governance and Audit Committee.

Appendix B – Development Programme (3.4.8.2.10)

Committee-specific training

Area	Date provided scheduled	Medium	Provider
Introduction to Artificial Intelligence and Risk Mitigation	February 2025	Briefing session	Chief Digital Officer
Understanding Local Authority Accounts for Councillors	June 2023 August 2023	Training session	CIPFA
Treasury Management	September 2023	Briefing session	Richard Bason, Link Group
Effective Chairing Skills	October 2023	Training session	WLGA
Countering Fraud and Corruption	December 2023	Training session	Paul Stratton, 'The Fraud Nerd'
Risk Management	March 2024 December 2025	Training session Training session	WLGA Zurich Resilience Solutions
Statement of Accounts	October 2025	Briefing session	Director of Function (Resources) and Section 151 Officer
Councillors' Guide to Understanding Local Authority Accounts	25 August 2026 10 September 2026	Training session	CIPFA

Mandatory training

Area	Medium	Provider	Date Provided / Scheduled
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

Committee-specific briefings

Title	Area	Medium	Provider	Date Provided
Audit Committee Update – Issue 40: New Internal Audit Standards	Forthcoming changes to the internal audit standards and how that will impact on audit committee members.	Briefing note	CIPFA	24/12/24
CIPFA Better Governance Newsletter	Information for audit committees regarding the publication of the CIPFA Code of Practice to support authorities in establishing and maintaining their internal audit arrangements, along with information about the consultation on the Addendum to the 2016 Governance Framework covering the annual review of governance and the annual governance statement.	Newsletter	CIPFA	07/02/25
Audit Committees: effective practices and a positive impact pocket guide	Audit Wales has published a pocket guide which summarises effective practices for audit committees.	Pocket guide	Audit Wales	25/02/25
Audit Committee Update – Issue 42: Governance of Internal Audit	The new Code of Practice on the Governance of Internal Audit that comes into effect from 1 April 2025.	Briefing note	CIPFA	17/04/25
CIPFA Public Finance Article – AI adoption ‘could save English and Welsh councils £8bn a year’	Article which estimates that local authorities in England and Wales could save £8bn annually by integrating artificial intelligence into their operations.	Professional magazine article	CIPFA	15/05/25
CIPFA / Solace Delivering Good Governance in Local Government: Publication of Addendum	Publication of new guidance on the annual review of governance and internal controls and the preparation of the annual governance statement (AGS) that comes into effect for the 2025-26 financial year.	Publication	CIPFA	20/05/25
CIPFA Public Finance Article – Tech rules: the importance of having an AI policy	Article on the importance of organisations having an Artificial Intelligence (AI) policy.	Professional magazine article	CIPFA	15/07/25
North Wales Corporate Joint Committee - FAQs	Information about the role of the North Wales Corporate Joint Committee (NWCJC) and the Governance and Audit Committee sub-committee.	Frequently asked questions	NWCJC	02/12/25