

**WALES AUDIT OFFICE  
FINANCIAL RESILIENCE IN WALES**

Ref	Recommendations	Agree	Response/ Action	Responsible Officer	Implementation Date
1	<p>Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years – the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul>	<p>Agree, and believe that Gwynedd Council's corporate strategic plan does drive forward</p> <p>Partially agree</p> <p>Partially agree</p>	<ul style="list-style-type: none"> <li>• This is one of WAO's favourite themes and is likely to feature in the 2016/17 corporate review. We believe that the current strategic plan already is in accordance with the MTFP, but will give this further consideration on the next review of the strategic plan.</li> <li>• We consider that a five year plan is challenging in a period of rapid change, when the Council needs to be "agile" to face the financial challenge, etc.</li> </ul>	<p>Corporate Management Team</p> <p>Corporate Management Team</p>	<p>2017/18 – 2019/20 Strategic Plan</p> <p>2017/18 – 2019/20 Strategic Plan</p>

2	Councils should ensure that their medium term financial plan identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.	Agree	<p>We already do this, largely, during the annual budgeting seminars, but perhaps we could record the risks more clearly in the report to the Council on the financial strategy. We could add a section regarding potential risks, and our response thereto, i.e. increase the level of cuts required.</p> <p>While we could consider improving the report by including clauses identifying major risks, e.g. what if pay awards were 2% rather than 1%, WAO's own report is misleading by omitting any mention of the essential context of the regime for financing local authorities by the Welsh Government, and their lack of indications for levels of funding in future (unlike Scotland), and the national uncertainty regarding reorganisation of councils.</p>	Head of Finance	February 2016
3	Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.	Agree	We already do this.	Head of Finance and Chief Executive	Continuous

4	Councils should regularly review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.	Agree	Gwynedd Council has established new arrangements whereby relevant Cabinet Members will review attainment of savings schemes, and doubtless the Audit Committee too will intend to check arrangements to deal with the Council's major risks, and to scrutinise these significant financial matters.	Head of Finance	Quarter 3 of 2015/16
5	Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.	Partially agree	<p>See the Cabinet decision of 23/06/2015 and the report to the 30/06/2015 Audit Committee for the policy on reserves, which has now been formalised, as well as the review of specific reserves.</p> <p>See the relevant section of the report to the 05/03/2015 full Council for consideration of use of general balances, and the appendix thereto summarising the Council's reserves.</p> <p>Having one 'strategy' for all the various reserves would be a complex and detailed issue, but it is obvious that the outcome of the recent review does support the medium term financial plan.</p>	Head of Finance	Already actioned

6	<p>Councils should develop corporate wide policies on income generation.</p>	Partially agree	<p>The Head of Finance led a national review of income generation a few years ago, and other than parking fees, the opportunities in Gwynedd Council were scarce.</p> <p>Since then, action was taken in several areas to achieve corporate savings, and the departments have included income generation schemes in their efficiency savings plans for 2014/15 – 2017/18.</p> <p>However, the Savings Programme Leader and the Head of Finance will be looking for more opportunities to generate income as part of their work to maximise efficiency savings, and we intend to work with the WAO in order to try to identify those opportunities.</p>	Head of Finance	2015/16
7	<p>Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>	Unsure	<p>To some degree, we already do this. We intend to discuss details of these recommendations further with external auditors.</p>	Head of Finance and Finance Management Team	2015/16

8	Councils must review their finance teams and ensure that they have sufficient capacity and the right skills to meet future demands.	Partially agree	<p>This is occurring now as part of the savings / cuts regime, whilst seeking to ensure that the cuts / savings do not affect our ability to support the Council's services.</p> <p>It will be difficult to "ensure sufficient capacity" in the challenging context, but we are trying, to the best of our ability, to get the right balance in place. It will not be possible to avoid an element of risk whilst implementing changes, and striving to support services which will be transforming.</p>	Head of Finance	Continuous
9	Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.	Agree	To some degree, we already do this, but we intend to discuss details of this recommendation further with external auditors.	Head of Finance (in respect of budgeting)	2016/17 budget cycle