

GWYNEDD COUNCIL CABINET



Report to Gwynedd Council Cabinet meeting

Meeting date: 28 SEPTEMBER 2021

Cabinet Member: COUNCILLOR IOAN THOMAS

Contact Officer: DAFYDD L EDWARDS, HEAD OF FINANCE

Contact number: 34668

Subject: FINANCE CABINET MEMBER'S PERFORMANCE CHALLENGE REPORT

THE DECISION SOUGHT

To receive and note the information in the report.

To approve the alternative savings schemes worth £75,000 recommended in **Appendix 2** to replace the current savings scheme which is no longer achievable.

THE REASONS WHY A DECISION IS REQUIRED

To ensure effective performance management.

1. INTRODUCTION

- 1.1 The purpose of this report is to update my fellow members on what has happened in the areas for which I am responsible as the Cabinet Member for Finance. This will include outlining what has happened against the promises of the 2018-2023 Gwynedd Council Plan; where the performance measures are at; and the latest regarding savings plans and cuts.
- 1.2 I would like to remind you that all the matters have already been the subject of discussion and have been scrutinised by myself in a meeting of the Department's Management Team on Monday 06/09/2021, which also included the Chief Executive and representatives of the Audit and Governance Committee. A positive discussion was held, where the Department's senior managers had sound answers to the Councillors' questions.



1.3 I am very pleased to note that the performance of the Finance Department has remained generally good over the last months, despite the challenges we have faced over the past 18 months. The Department has also made satisfactory progress on the priority projects.

2. GWYNEDD COUNCIL PLAN PROJECTS 2018-2023 [Improvement Priorities]

2.1 The progress made to date against the Department's priority projects is set out below. These priorities address the Department's main risks.

2.2 Transferring holiday units from Council Tax to Business Rates

2.2.1 We intend to continue to press for reform in this area over the next few years, using evidence we are continually collecting, to get Welsh Government Ministers to understand the scale of the problem that exists in Gwynedd. We will also continue to press the Welsh Government to amend the Town and Country Planning Order to include a specific use class for residential housing used as holiday accommodation, together with the introduction of a mandatory licensing regime to enable the business to operate. The aim is that no property without proper permission for use as short-term holiday accommodation should be eligible to transfer from a Council Tax band to the non-domestic rates list. The Council invests the income from the Council Tax premium into our Housing Action Plan to try to mitigate some of the detrimental effect second homes have on the availability of housing for local people. As properties transfer to holiday units there is the potential for fewer properties to be subject to the premium.

2.2.2 A key step when moving forward in 2021/22 will be to offer constructive and comprehensive input to the Welsh Government's proposed consultation on local taxation. The consultation was launched on 25 August, and the closing date is 17 November 2021. The consultation document includes 13 specific questions, together with an opportunity to present any other related points.

2.2.3 As part of the work of realising this priority project, the Finance Department will coordinate the Council's response and collect information and views in order to enable Cabinet members to decide on the Council's final response to the consultation.

2.3 Achieving Savings

2.3.1 The Council has financial planning arrangements that have already identified significant efficiency savings in order to minimise service cuts for Gwynedd residents. In January 2021, the savings schemes were reviewed to assess which historic schemes were now unachievable, and a revised program of savings was drawn up for 2021/22 following the removal, slipping and re-profiling of savings schemes.



- 2.3.2 It can now be reported that savings of over £32 million have been realised since 2015/16, which is 93% of the £34.8 million required over the period. Over 59% of the revised savings for 2020/21 have been realised with 57% of the 2021/22 savings already realised or on track for timely delivery this year. Through the robust arrangements we have in place to monitor how departments are achieving savings, we will ensure that this revised program is achieved. We will also support departments with the costs of transformation, as they introduce new working arrangements.
- 2.3.3 A detailed report on each department's savings schemes will be presented to the Cabinet on 12 October 2021.

3. PERFORMANCE

- 3.1 An overview of the Department's performance to date is noted below.
- 3.2 In July 2021, Gwynedd Pension Fund's performance report for 2020/21 was received, where it was reported that the Fund's performance was in the highest quartile of all British LGPS funds. The Fund was at position 16 which has improved gradually over the last 30 years when we were at position 53.
- 3.3 The Covid pandemic continues to affect the Department's arrangements, with collection rates for non-domestic rates lower than the previous corresponding period; by the end of July 2021 the collection rate (i.e. collection within the year) was 29.68%, which is a reduction on 30.07% for the same period in 2020/21 and 46.11% in 2019/20.
- 3.4 Another effect that can be seen is that the number of self-isolation support payments received have increased significantly in July compared with the applications made between April and June, 670 applications were received in July compared with 485 received in the first quarter of the year.
- 3.5 Although the amount of miscellaneous debts reduced in July, the level remains high. An attempt was made by senior officers to try to resolve the debts, but by now an alternative way to move forward and resolve the situation needs to be considered.

4. FINANCIAL POSITION / SAVINGS

- 4.1 The Finance Department underspent by £86k at the end of the 2020/21 financial year. A detailed review of the department's 2021/22 financial position will be undertaken as part of the end of August revenue review for the whole of the Council, which will be reported to the Cabinet on 12 October 2021. To date, it is not anticipated that there will be any material issues to report.
- 4.2 By the end of 2020/21 the Finance Department realised over £1.7 million of savings over a period of six years since 2015/16. The Finance Department succeeded in realising £151k, being 88% of its savings schemes relating to 2020/21, with further savings schemes worth £100k to be realised during 2021/22. See **Appendix 1** which includes the savings schemes.



- 4.3 The Covid-19 crisis led to a delay in the realisation of one scheme 'Generating Income by Preventing Fraud' worth £20k in 2020/21 (12% remaining from 2021/22 schemes) and £20k relating to 2021/22, following the suspension of interviews regarding fraudulent claims in the Benefits field during the period of the crisis. Interviews continue to be suspended due to current circumstances, so a further delay in realising the £40k is anticipated.
- 4.4 The Finance Department reconsidered the practicality worth £75k of a £100k scheme, relating to 2021/22, the 'Attracting Additional Income via an Internal Collection Agency' scheme. The scheme was offered back in 2018/19 and therefore only £25k is now considered realistic. Two alternative schemes recommended to replace the £75k are detailed in **Appendix 2**, namely a scheme worth £45,000 through tax savings on a new scheme of additional voluntary contributions in the Pension field for Council employees and savings of £30,000 through self-funding rather than external borrowing.

VIEWS OF THE STATUTORY OFFICERS

Monitoring Officer:

No observations to add in relation to propriety.

Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

Appendices

Appendix 1 – Finance Department's Savings

Appendix 2 – Historic Savings Scheme to be replaced with Alternative Schemes



APPENDIX 1

Finance Department's Savings

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£	£
<u>Realised</u>	471,010	374,601	115,215	66,430	558,650	150,730	
Generating income by selling fleet tracking system							5,000
<u>To be Realised</u>							
Generating income by preventing fraud						20,000	20,000
Attracting additional income via an Internal Collection Agency							75,000
Savings Total	471,010	374,601	115,215	66,430	558,650	170,730	100,000

APPENDIX 2

Historic Savings Scheme to be replaced with Alternative Schemes

Historic Scheme that will not realise savings

Amount £	Savings Scheme	Obstructions for Realisation
75,000	Attracting additional income via an Internal Collection Agency	This is an historic scheme and therefore the Department recognises that by now it will not be possible for £75,000 of the scheme to be realised.
75,000	Total	

Alternative Schemes to replace the Historic Scheme

Budget Heading and Amount £	Proposals	Effect on Residents
45,000	Tax savings on a new scheme Additional Voluntary Contributions in the Pension field for Council employees	None
30,000	Savings through self-funding rather than external borrowing	None
75,000	Total	