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## GOVERNANCE AND AUDIT COMMITTEE 17-11-2022

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### **Present:**

**Councillors:** Menna Baines, John Brynmor Hughes, Richard Glyn Roberts, Huw Rowlands, Paul Rowlinson, Angela Russell and Elfed Wyn ap Elwyn

**Lay Members:** Sharon Warnes (Chair), Hywel Eifion Jones, Clare Hitchcock and Rhys Parry

### **Officers:**

Dewi Morgan (Head of Finance Department), Ffion Madog Evans (Senior Finance Manager), Bleddyn Rhys (Audit Leader) and Lowri Haf Evans (Democracy Services Officer)

### **Others invited:**

Councillor Ioan Thomas (Cabinet Member for Finance)

- Item 7: Ian Jones (Head of Corporate Support Department), Carey Cartwright (Learning and Organisational Development Manager) and Meinir Griffiths (Service Improvement Officer).
- Item 8: Delyth Wyn Jones-Thomas (Investment Manager)
- Item 9: Dewi Wyn Jones (Council Business Service Support Manager)
- Item 10: Alan Hughes (Wales Audit) and Geraint Owen (Corporate Director)

## **1. APOLOGIES**

Apologies were received by Councillors Jina Gwyrfai, Medwyn Hughes, Meryl Roberts and Rob Triggs

## **2. DECLARATION OF PERSONAL INTEREST**

The following members declared an interest in relation to item 6 as they owned a second home / long-term empty house

Councillors Menna Baines, Angela Russell, Huw Rowlands. Clare Hitchcock and Rhys Parry

In accordance with advice received from the Monitoring Officer, the Members were of the opinion that it was a prejudicial interest and they withdrew from the meeting during the discussion on the item.

## **3. URGENT ITEMS**

None to note.

## **4. MINUTES**

The Chair signed the minutes of the previous meeting of this committee, held on 103 October 2022 as a true record.

## **5. IMPLEMENTING THE DECISIONS OF THE COMMITTEE**

- a) In accordance with a request made by the Committee at its meeting on 08/09/22 a report was submitted which provided an outline of how Council departments had responded to the Governance and Audit Committee's decisions so that Members could be assured that their decisions were being addressed. It was reiterated that the report provided an opportunity for Members to consider the decision made with a view to deleting the item / decision once the action was completed.

Thanks were expressed for the report.

- b) During the ensuing discussion, the following observations were made by members:
- That the report was a positive response to the Members' request
  - It was a good way to keep an eye on the Committee's work and decisions
- c) It was proposed and seconded to accept the report

**RESOLVED:**

- 1. To accept the report**
- 2. To accept the suggestion to remove the item when the action has been completed.**

**6. PREMIUM ON THE COUNCIL TAX OF SECOND HOMES AND LONG-TERM EMPTY DWELLINGS**

- a) The report was submitted to seek opinion and observations from the Committee on the procedure for submitting a report to the Cabinet that would recommend that the Full Council sets the level of the Council Tax Premium for 2023/24. It was noted that the Committee was statutorily required to review and scrutinise the Council's financial matters including ensuring that the Council acted appropriately and that the information submitted to the Cabinet and the Full Council for decisions, was robust information.

The Committee was asked to consider;

- Did the information clearly clarify the statutory requirements?
- Was the Equality Impact Assessment suitable?
- Had the Council consulted with stakeholders in an appropriate manner?
- Was the report clear about the implications of the decision sought?
- Were the risks clear?

It was reported that the Council, on the 8 December 2016, had decided to raise a Premium of 50% on Council Tax for second homes and long-term empty homes, to be implemented from 1 April 2018. On 4 March 2021, the Council had resolved that the Council would increase the Premium to 100%, namely the highest level possible under the legislation, for the 2021/22 financial year, and on 2 December 2021 it was resolved to retain the Premium at 100% for 2022/23.

By now, the Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 (SI 2022/370 W.90) had amended Sections 12A and 12B of the 1992 Act giving the Authorities the power to raise a premium of up to 300% on the Council Tax of second homes and long-term empty homes for the 2023/24 financial year and the subsequent financial year.

A public consultation had been launched between 30 September 2022 and 28 October 2022 and 7,330 responses had been received to the questionnaire (7,277 responses to the on-line questionnaire and 53 paper responses - this was the largest number of responses the Council had received to any consultation in recent years).

It was highlighted, in the context of a statutory duty to undertake impact assessments on equality, that an Equality Impact Assessment had been updated to reflect requirements and developments, changing circumstances and the results of the recent consultation. It was reiterated that any recommendations from the Cabinet would have to ensure justification for the increase and that relevant research confirmed the need to act reasonably on the matter.

Reference was made to 3 options

- Keep the Premium level at 100% in 2023/24
- Increase the Premium to the maximum allowed under the law of 300% in 2023/24.
- Set the Premium somewhere between 100% and 300% in 2023/24.

It was noted that should the premium be abolished, Gwynedd Housing Strategy Action Plan would suffer.

The Cabinet Member for Finance highlighted that a report to the Cabinet on 22-22-22 had already been published, recommending increasing the premium to a rate of 150%. The increase would add approximately £3m in additional annual income and would contribute towards funding the financial pressure on the County's homelessness situation.

- b) During the ensuing discussion, the following observations were made by members:
- That the response to the impact on the Welsh language appeared to be 'innocent' as opposed to the remainder of the report - the Council's Language Policy should be considered which noted that any decisions should be subject to language impact (in numbers / percentages)
  - 2,200 second homes in Dwyfor - no evidence there was an equal demand for housing
  - There was no consideration to the impact on the Local Welsh people who let their houses to earn a living and kept assets local.
  - The premium had not been considered holistically alongside other measures - needed to see how setting the level of the premium linked in with other Welsh Government measures in terms of regulating second homes.
  - More information was needed on the total amount of money used for empty houses
  - There was a need to give consideration to those who would lose work in the area as a result of the reduction in maintaining second homes / letting homes
  - Accepted that the aim was to restore long-term use of houses with the aim of improving communities and keeping people local, but although the premium had been in place for four years, there was no reference in the report to what had already been achieved - how successful was it? How effective is the premium?
  - Accepted the suggestion that a percentage of the premium should respond to homelessness matters, but it had to be ensured there was a long-term plan in place to resolve the County's homelessness problem and not to use money to fill the gap
  - What is the justification for using the second homes premium for homelessness matters? What was the evidence behind the decision?
  - A wish to see statistics on the premium's impact on restoring empty houses

- Was it fair that money from the holiday home premium in one ward in the County would respond to homelessness problems in other wards in the County?
- 850 on the waiting list in Dwyfor v 2500 holiday homes. There was no shortage of housing, rather a shortage of suitable housing.
- That the report responded to the requirements but clarity was needed for some matters

c) It was proposed and seconded to accept the report

**RESOLVED:**

- **To accept that the information in the report and appendices conform to the statutory guidance and legislative requirements**
- **Propose the following observations for the Cabinet's consideration when deciding upon a recommendation to submit to the Full Council to make a final decision on the premium levels:**
  1. **There is a need to complete a comprehensive linguistic assessment in accordance with the Council's Language Policy**
  2. **There is a need to consider the impact of the premium on the ability of 'native people' to make a living**
  3. **There is a need to see statistics that demonstrate the impact of premium on restoring empty homes**
  4. **There is a need for evidence about the success of the premium. What has been achieved to date?**
  5. **There is a need for further consultation on the use of the premium. What is the justification for using the second homes premium to fund homelessness? While accepting that the principle is acceptable, what is the evidence behind the decision?**
  6. **The considerations surrounding the premium must be made in conjunction with the Welsh Government's legislation and measures to control second homes**

**7. TREASURY MANAGEMENT 2022-2023 MID YEAR REVIEW REVENUE BUDGET 2022/23**

a) Submitted, for information, a report highlighting the Council's actual Treasury Management activity during the current financial year. At a meeting of the Full Council in March 2022, the Treasury Management Strategy had been approved for 2022/23. It was highlighted that, during the six months between 1 April and 30 September 2022, the Council's borrowing activity had remained within the limits originally set and there had been no defaults by banks in which the Council had deposited money. It was reiterated that it was estimated that the Council's investment income exceeded the expected income in the 2022/23 budget.

It was explained, in the external context that it had been a challenging time for the markets with political uncertainty and the continuing impact of the conflict in Ukraine. Consequently, inflation had increased at exceptional speed along with the basic interest rate.

Reference was made to a summary of treasury management noting that on 30 September 2022, that the situation was sound with £1-4.8 million in loans, and £110.5 million in investments. It was highlighted, that despite the possibility of repaying some of the loans with the investments, it was noted that the cost of repaying these loans would be very high as they has historically high interest rates, and with increasing

interest rate the situation would be continually assessed in case there would be an advantage to making early repayments.

In terms of borrowing matters, reference was made to the Borrowing Strategy where no additional borrowing has been required during the period. The Council's main objective was to strike an appropriate low risk balance between ensuring low interest costs and ensuring cost assurance over the period the money was required, with flexibility to renegotiate loans should the Council's long-term plans change the secondary objective. The Council's Borrowing Strategy continued to address the key affordability matter without compromising the stability of long-term debt in the borrowing portfolio.

Should there be a need to borrow any time in the future, it was noted that the Public Works Loans Board borrowing guidelines had been amended and they no longer permitted the Council to borrow to make a profit. It was reiterated that this was not a practice for the Council in any case.

In terms of investment activity, there was reference to the type of investments made, which, as usual, included banks and building societies, local authorities, financial market funds, pooled funds and the Debt Management Office. It was reported that the interest rates on the investments had improved by about 1.5% during the time in question, and it was anticipated that rates would increase further in coming months. This meant that the expected interest level for the financial year would be significantly greater than the budget forecast (the budget was £0.4 million, but an income of £1.8 million was expected).

It was confirmed that treasury management activities held during the period fully complied with the CIPFA Code of Practice as well as the Treasury Management Strategy. It was noted that the only indicator showing a lack of compliance was the 'interest rate risk indicator'. It was explained that this indicator had been set when the interest rate was 0.1% and that it had not possible to anticipate such a significant increase in the interest rate at the time - it was therefore reasonable that the sums would be higher and as the council did not have any variable borrowing, it did not mean a financial risk to the Council, although it could provide an opportunity maybe to attract significantly higher interest income.

- b) The members expressed their thanks for the report.
- c) In response to a question regarding a reduction of £0.6m in the Pooled Funds and that this was intentional given that Pooled Funds were unappealing / other were more secure, it was noted that the original investment had been £10m and that the value had varied over the years. Nevertheless, it was reiterated that this was the only open market investment and that it was not intended to sell it, but continue to invest in mid-term / long-term until the £10m was regained.

#### **DECISION:**

**To accept the report, for information**

### **8. COMPLAINTS AND SERVICE IMPROVEMENT ANNUAL REPORT 2021/22**

- a) A report was submitted by the Head of Corporate Support Department with an overview of the Council's arrangements and performance in relation to dealing with complaints and service improvements during 2021/22 thus highlighting successes, challenges and developments. Members were reminded that the Committee had a statutory requirement to ensure that the Council had effective arrangements in place to deal with

complaints. It was highlighted that this was the first time for the report to be submitted to the Committee and therefore an opportunity for Members to submit observations on the content and format of the report.

The officer provided the background and a brief explanation of the complaints procedure reiterating that there was work in the pipeline to develop the response to complaints from Elected Members about services.

b) Thanks were expressed for the report.

c) During the ensuing discussion, the following observations were made by members:

- That the report was to be welcomed along with the recent training session - 'Overview of good practice in Improving Services of Complaint'
- That an increase in complaints was 'acceptable'
- Welcome a healthy complaints culture
- A suggestion to include a note expressing the positive impact complaints were having on the Council's performance - that complaints lead to change and improving Council services
- A suggestion to categorise complaints given that two departments received many more complaints than others. A request to consider setting a broader context for those services
- That the average of 7 days to respond across the services was one to be congratulated
- The success wall was a good idea and was important to staff morale
- For the future, a request for the report to be submitted to the Committee before the Cabinet so that observations could be submitted.
- Accept that the procedure is not relevant to the users of Social Services and Education due to a separate complaints procedure, but need to verify the Committee's responsibilities in terms of keeping an overview over all Council departments.

ch) In response to a question regarding measuring the performance against other Councils, and that including this in the report would be useful, it was noted that this could be ensured in future. It was reiterated that the information was included in the Ombudsman's quarterly report. It was noted that the recent training session has been held jointly with the Ombudsman's office (this breaks new ground for the Council) and provide an opportunity for Members to consider different ways of measuring performance (not solely by the number of complaints) by considering Gwynedd statistics in a national context.

In response to a comment on the 'lack of response' category, it was noted there was a need to consider and understand the context of the lack of response by proposing that for example, 'lack of action due to no budget' was preventing a response. In response to a follow up question regarding amending the wording of the category it was noted that discussions were being held on the matter.

In response to a request for a more detailed analysis of the complaints per service, it was noted that the information was available, but not included in the report. However it was noted that because some services offer front-line services and therefore receive more complaints, that the number of complaints could be misleading. It was reiterated that complaint numbers were not the only priority - the aim was the procedure for responding to the complaint and improving the service. In response, the Members noted that it could be possible to include a summary of the main areas that create problems.

d) It was proposed and seconded to accept the report

## **RESOLVED:**

- **To accept that the Council's arrangements and performance in relation to dealing with complaints and service improvements are extremely effective.**
- **That the report, in future, will be submitted to the Governance and Audit Committee prior to the Cabinet.**

## **Suggestions:**

1. **To include an observation on the positive impact that complaints can have on the Council's performance.**
  2. **To include a summary of the main fields / developmental fields that receive complaints**
  3. **Categorise or set out a wider context for the departments that receive the majority of the complaints, in order to understand the circumstances**
  4. **The Chair to revisit the Committee's responsibilities - should there be an overview of 'all Council departments' (including Care Services and Education that have their own statutory arrangements)?**
- 9. LOCAL GOVERNMENT ACT 2021 - SELF-ASSESSMENTS Submitted - the report (draft) of the Council's Business Support Service Manager.**

- a) It was highlighted that this was the first time for the report to be submitted to the Committee in accordance with the new statutory requirement within the Local Government and Elections (Wales) Act 2021 which outlined that the Committee had to review the draft report and make recommendations for changes to the conclusions of the steps the Council intended to take. If the Council did not make a change recommended by the Governance and Audit Committee, it had to note the recommendation and the reasons why the Council did not implement the change in the final self-assessment report.

It was reported that the Council had already gathered and published much information and evidence that was expected within the Self-assessment, and consequently the self-assessment report was relatively concise with references to further information documents in order to avoid duplication. It was highlighted that an effort had been made to keep the document concise and easy to understand and accepted that the report had been submitted late in the process this year. It was reiterated that it was the Governance Group that had provided an overview of the process within the Council to ensure that the work was owned and led on a strategic level. It was noted that the intention for the future would be to include the Self-assessment in the Council's Annual Performance Report so that all the information was contained within one document.

- b) Thanks were expressed for the report.
- c) During the ensuing discussion, the following observations were made by members:
- Welcomed the report, but needed to accept it before it was submitted to the Cabinet
  - Appreciate that the self-assessment is included as part of performance management
- ch) It was proposed and seconded to accept the report

## **RESOLVED**

- **To accept the draft self-assessment**

- To welcome the intention of including the self-assessment in the Council's Annual Performance Report in future
- To ensure that the report is submitted earlier in the year

**Suggestion:**

1. Consider including a reference to the support and the training given to Elected Members and Lay Members

## **10. AUDIT WALES REPORTS**

### **10.1 QUARTER 2 UPDATE ON THE AUDIT WALES WORK PROGRAMME – CYNGOR GWYNEDD**

- a) Submitted - a quarterly update (up to 30 September 2021) on the work programme and timetable of Audit Wales. A discussion was held on the financial audit and local performance audit work, highlighting that the Annual Report would be submitted in the new year. It was noted that a vast part of the audit of accounts has been completed, but that Cyngor Gwynedd's Final Accounts had not been completed due to a national matter relating to the valuation which affected every Local Authority. The hope was to have a solution soon and submit the final report at the end of January 2023. Reference was made to national reports and other outputs published by Audit Wales since April 2022 which included an Equality Impact Assessment and Addressing Poverty in Wales.
- b) Thanks were expressed for the report.
- c) In response to a question on reviewing the Effectiveness of Scrutiny, it was confirmed that this referred to reviewing Cyngor Gwynedd arrangements only.

### **10.2 LLAMU YMLAEN – CYNGOR GWYNEDD**

- a) Submitted - a report which considered how the Council strengthened its ability to transform, amend and continue to provide services, including those provided in partnership with key stakeholders and communities. Also submitted was the Council's response to the Audit Wales recommendation.

It was explained that the arrangements for managing assets and the workforce were being reviewed and that the recommendations had been approved (although here was a need to ensure that amendments and plans were sustainable - an appropriate timetable formed). It was noted that developing the use of data had been identified as one of the main priorities with the Digital Transformation Board established to form the Council's Digital Strategy that would focus on data, administration and customer liaison.

- b) Thanks were expressed for the report.
- c) During the ensuing discussion, the following observations were made by members:
  - Welcome developing the use of data to form planning processes, set a budget and measure longer-term success
  - That the response of the Managers was effective - the format was convenient and easy to read
  - That the response was positive

In response to a question regarding updating the Committee on the work programme, it was noted that some of the matters were considered as improvement priorities over the next five years and were sure to receive timely attention from the Committee.

## **RESOLVED**

- **To accept the Quarter 2 update on the Audit Wales work programme – Cyngor Gwynedd**
- **To receive Cyngor Gwynedd's response to the Audit Wales report 'Springing Forward' that focuses on the Council's response to future working arrangements**

The meeting commenced at 10.00 and concluded at 12.40.

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**CHAIR**