

CORPORATE SCRUTINY COMMITTEE

Minutes of the virtual meeting held on 17 November, 2020

PRESENT: Councillor Aled Morris Jones (Chair)
Councillor Dylan Rees (Vice-Chair)

Councillors John Griffith, Richard Griffiths, Bryan Owen, Alun Roberts,
John Arwel Roberts.

Co-opted Member: Mr Keith Roberts (The Catholic Church)

Portfolio Members

Councillors Llinos Medi Huws (Leader and Portfolio Member for Social Services), Richard Dew (Portfolio Member for Planning and Public Protection), Carwyn Jones (Portfolio Member for Major Projects & Economic Development), R. Meirion Jones (Portfolio Member for Education, Youth, Libraries & Culture) Alun Mummery (Portfolio Member for Housing and Supporting Communities) R.G. Parry, OBE, FRAGS (Portfolio Member for Highways, Property and Waste), Dafydd Rhys Thomas (Portfolio Member for Council Business), Robin Williams (Portfolio Member for Finance)

By Invitation: Councillor Dafydd Roberts (Chair of the Finance Scrutiny Panel)

IN ATTENDANCE: Deputy Chief Executive
Director of Function (Resources)/Section 151 Officer
Director of Function (Council Business)/Monitoring Officer
Director of Education, Skills & Young People
Interim Director of Social Services
Head of Highways, Waste & Property
Head of Housing Services
Interim Head of Adults' Services
Head of Democratic Services
Interim Head of Service (Regulation and Economic)
Head of Profession (HR) & Transformation
Programme, Business Planning and Performance Manager (GM)
Scrutiny Manager (AGD)
Committee Officer (ATH)

APOLOGIES: Councillors Lewis Davies, Richard Owain Jones, Nicola Roberts, Mrs Anest Frazer (Co-opted Member)

ALSO PRESENT: Mr Gareth Wyn Williams (Local Democracy Reporter)

The Chair extended a welcome to all those present and for the purpose of the recording asked everyone to introduce themselves.

1 DECLARATION OF INTEREST

No declaration of interest was received.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Corporate Scrutiny Committee held on 14 October, 2020 (Call-in) and 20 October, 2020 were presented and were confirmed as a correct record.

3 ANNUAL DELIVERY DOCUMENT (IMPROVEMENT PLAN) 2020-2022

The report of the Head of Profession (HR) and Transformation incorporating the Annual Delivery Document for the 18 month period from October, 2020 to March, 2022 was presented for the Committee's consideration and scrutiny. The Annual Delivery Document focuses on the work which the Authority will undertake to accomplish aspirations set in the County Council Plan 2017-22.

The Portfolio Member for Council Business introduced the report and highlighted the extended 18 month timeframe which the Document covers and referred to the challenge of drafting the document in the climate of uncertainty which the Covid-19 pandemic has created. The objective in crafting the Plan which will be reviewed as circumstances evolve and change was to be ambitious but realistic acknowledging through the inclusion of four themed recovery programmes the far reaching impact which the Covid-19 emergency has had on the Council, the Island's inhabitants, society and economy. Those four programmes will focus on economic recovery, destination recovery, social and community recovery and organisational recovery.

The Head of Profession (HR) and Transformation agreed that it was important that the programme of work which the Delivery Document encapsulates as well as being aspirational should also be achievable irrespective of the current pandemic. The background to implementing the Document lies within the service business plans which attest to the deliverability of the measures. The longer than usual timeframe is in recognition of the current situation and affords time and opportunity to come out of the crisis and take the Plan forwards.

The Chair referred to the key scrutiny questions the first of which was about the limitations which potential financial pressures and lack of resources might place on the Council's ability to deliver the proposed Plan given that it will be necessary to continue dealing with the pandemic. He invited the Portfolio Member for Finance to give his perspective on the financial position going forwards.

Councillor Robin Williams, Portfolio Member for Finance confirmed that the Executive would be provided with an update on the 2020/21 Quarter 2 revenue and capital budget position at its 30 November meeting. The data currently indicates that the revenue budget is underspent and in normal circumstances this would be welcomed. However given the prevailing uncertainty due to the ongoing pandemic crisis and the speed with which the situation can change, decisions need to be taken with caution and the Council will need to take stock after the financial year has run its course when it will be better able to assess the financial position and plan on that basis. At present, Welsh Government continues to provide financial support to local authorities.

The Head of Function (Resources)/Section 151 Officer advised that although the financial data appears promising at this point in time, there remains considerable uncertainty as to how the next three months will unfold. It is anticipated that greater clarity will be obtained with the announcement by Welsh Government of the provisional local government settlement for 2021/22 in December and the availability of Quarter 3 results for the 2020/21 financial year thereafter. Historically the winter period brings with it additional pressures especially in Social Services but the hope is that by the onset of Spring the

financial situation will have become clearer and this data can then be fed through to the Executive to inform its decisions with regard to the 2021/22 budget.

The Deputy Chief Executive responding to questions about the Plan's affordability given the Covid-19 context and the impact on Council performance advised that an important consideration is the capacity of the organisation to progress the work. Although Officers are confident that the programme set out in the Delivery Document is achievable and that the Council has within its workforce the capabilities and expertise to deliver it, it should be noted that activities and actions will be driven by the course which Covid-19 takes entering into the new year – an improving situation will enable recovery plans to be brought forward whereas if the situation deteriorates then staff may have to be re-deployed to help with the emergency response.

Addressing a question about the implementation of the four recovery programmes in tandem with the Delivery Document, the Chief Executive clarified that recovery is a process over time and that during this period the nature of the Council's work will adapt and change. Whilst the Council's core responsibilities will continue to be fulfilled any additional interventions will be dependent on national programmes and the availability of funding and capacity for local authorities to undertake further recovery work. Draft recovery plans have been formulated but if these are not to be implemented before Spring, then many things can change in the interim e.g. the recent decision to extend Furlough with implications for local employment. Given that the Delivery Document is an eighteen month plan, it is likely that it will be revisited to more effectively reflect the progress of the recovery process and the Authority's recovery priorities and to afford the opportunity for political input, influence and challenge in respect of the plans presented. Priorities will be dictated by need be those by community or by sector not forgetting also the impending implementation of Brexit which is an additional complication in terms of the economy adding to the mix of factors which all need attention. However, as the Authority moves forward and gains confidence that it is progressing into the recovery period, under the guidance of the Chief Executive it will be giving consideration to its day to day work, to additional recovery work as well as to emergency work with a view to combining these elements into a new Action Plan that will meet the needs of the Island's communities, its businesses and its economy.

Responding to a question about the importance of partnership working to the delivery of the document, the Leader gave examples of where partner contribution forms an important part of the document adding that the Authority has over many years forged productive working relationships with a range of key partners and the emergency has served to strengthen those links. The Deputy Chief Executive said that the Authority is committed to effective collaboration across services and portfolios with the emergency having brought this aspect to the fore; the Authority will continue to collaborate and to work in partnership where doing so enables it to gain influence, to have an impact and where it brings added value.

Further comments and questions were raised as follows –

- Whether the Authority's commitment to utilising the Council Tax Premium to ensure that local people are able to access suitable housing in their local communities by developing 3 empty homes and making them available for purchase by local first time buyers is ambitious enough and whether it should be setting itself a more aspirational target for what the Committee considered to be a commendable initiative. The Head of Housing Service explained the process whereby the Council works with owners of empty properties who choose to sell the properties to the Council rather than on the open market ; the Council refurbishes those properties and then sells them on to local first time buyers whilst retaining a share of the equity to ensure they remain affordable. The Officer clarified that for the period of the Plan the Housing Service has 3 such properties

which it is currently renovating although it has already completed work on 7 properties.

- A follow up point was raised about the second homes tax “loophole” whereby second homes are re-designated as business properties (after being certified by the Valuation Agency Office as having met the criteria) meaning they do not pay the second home Council Tax premium nor Council Tax but pay business rates instead with a number of such properties then being eligible for small business rates relief. Councillor Robin Williams, Portfolio Member for Finance confirmed that concern expressed by the Executive regarding the loss of income due to the transfer of an increasing number of second homes from the council tax regime to business rates had been relayed in a letter to Welsh Government to which the First Minister had responded. The Portfolio Member for Finance read out the First Minister’s response which in summary referred to Wales as being the only country within the UK where discretionary powers have been conferred on local authorities to levy a Council Tax premium of up to 100% on second homes and long-term empty homes pointing out also that those provisions were introduced to help councils manage problems relating to local housing supply rather than as a revenue generating measure. Whilst Welsh Government recognises the problems which the transfer of second homes out of domestic tax to business rates causes within communities in the North and the need to find appropriate solutions for those communities to ensure that local people are not priced out of the communities into which they were born, it states that there are no quick answers and that 4 potential avenues are being considered as ideas for the next administration namely to vary the higher level of land transaction tax regionally for second homes; to increase the time period for which a property must be let before becoming eligible for business rates; to introduce powers for local authorities to levy a tourism tax and creating advantages for local first time buyers. The Portfolio Member for Finance concluded that it appears that this matter will not be addressed by the current Welsh Government Administration which does not consider there to be a loophole; this is disappointing given that it is an issue in Anglesey and affects a number of other local authorities in Wales as well.
- Acknowledging the work being done to create affordable homes for local people including by bringing empty properties back into use, a point was made about the equally pressing need to increase the number of houses for rent given that houses designated as affordable homes are not within everyone’s financial reach. The Portfolio Member for Housing clarified that the Authority’s buy back of council houses is 30% above target and that new council housing continues to be developed (although below target this year because of the pandemic) with many units in the offing and several ready to be let as part of the aim of providing a sustainable housing stock.

Having considered the Annual Delivery Document for the eighteen month period from October, 2020 to March, 2022 and the additional information provided by Officers and Portfolio Members at the meeting, the Committee resolved to recommend the Annual Delivery Document 2020-2022 to the *Executive (Councillors Aled Morris Jones and Bryan Owen abstained from voting)*

NO ADDITIONAL ACTION WAS PROPOSED

4 MONITORING PERFORMANCE: CORPORATE SCORECARD QUARTER 2 2020/21

The report of the Head of Profession (HR) and Transformation incorporating the Corporate Scorecard for Quarter 2 2020/21 was presented for the Committee’s consideration and scrutiny.

The Portfolio Member for Council Business introduced the report and clarified that the quarterly reports for Q4 2019/20 and Q1 2020/21 were affected by the Covid-19 pandemic where it was agreed to cancel their publication and discussion with the relevant committees. Dealing with the pandemic has been a significant challenge for the Council – not only in maintaining key frontline services and conducting normal business where possible, but also in ensuring that health and safety arrangements are in place to protect the Authority's staff whilst providing services. The Council has had to respond to and adapt swiftly to changing circumstances. However, it is encouraging to note that the majority (88%) of the indicators monitored are continuing to perform well against targets (Green or Yellow RAG) with attendance at work (2.66 days lost to absence per FTE in the period against a target of 4.48 days) and indicators under the digital service shift representing highlights for the reporting period.

Points made and questions raised by the Committee were responded to as follows -

- With regard to the importance of resilience and the well-being of staff in continuing to maintain good performance, the Head of Profession (HR) and Transformation agreed that the Council's success in responding to the crisis is due in large part to the co-operation and adaptability of its workforce. The Council has in turn sought to communicate, engage with and provide support to its staff in respect of their wellbeing and remote working needs which is attested to by the positive response to the Interim Staff Survey on Home Working circulated earlier in the pandemic. Stress levels are also monitored as part of monitoring attendance at work and it is encouraging to note that there has been no increase in staff stress levels compared to the equivalent quarter for the previous year. Managing stress is important with staff being encouraged to take regular breaks reinforced in the Chief-Executive's weekly messages and supported by service managers. It is recognised that dealing with the pandemic over the course of many months can lead to fatigue especially as the winter months approach.
- With regard to home working possibly being a factor in the improved attendance at work levels, the Head of Profession (HR) and Transformation explained that the onset of the pandemic saw the workforce coming together and committing as a team to respond to the emergency. An analysis of the data in comparison with last year and the reasons for sickness absence shows that while the range of illnesses remains the same, occurrences have reduced but remembering also that Quarter 2 coincided with a period of fine weather which is linked to better health regardless of whether staff are at home or in the office. The winter months traditionally represent the most challenging period for attendance at work and it is anticipated that this will be reflected in Q3 and Q4 data. Nevertheless, Officers are confident that the strong start to 2020/21 will result in the end of year target for attendance at work being met and possibly surpassed. The improved figures are attributable to a range of factors in what is an exceptional year.
- With regard to the projected deficit on Council Tax and projected overspend of £234k and the implications for Council services in meeting their targets, the Portfolio Member for Finance explained that the possibility of an increase in the number of people defaulting on their Council Tax payments and applying to the Council Tax Reduction Scheme because of financial difficulties resulting from the pandemic has been a concern. Whilst the extension of the Furlough scheme to the end of March, 2021 will undoubtedly help the financial situation, it is still too early to predict how the situation will unfold to year end and what the Council's position will be at that time.

The Head of Function (Resources)/Section 151 Officer clarified the position with regard to the impact on Council Tax income outlining how the Council Tax base is calculated between the properties liable for standard Council Tax, and those liable

for the Council Tax premium (100% premium in the case of long-term empty homes and 35% premium in the case of second homes). For the purpose of calculating the tax base a figure of 80% of the properties to which the premium applies is used in order to reflect the in year changes in the number of properties that fall within the premium and to also ensure that the target for income from the Council Tax premium is not set at too high a level. During the year a number of second homes have transferred from domestic to business rates leading to loss of council tax income as well as income from the premium. Additionally, the registration of some second homes approved for business rates valuation can be backdated meaning the Council must reimburse the council tax paid from the date of registration. Whilst the number of second homes re-registering as businesses has increased the number of homes within the second homes premium category has not changed significantly due mainly to people purchasing standard Council Tax properties as second homes which are identified as such by the Authority and upon which the premium is then levied. The upshot of these movements is a reduction in the number of standard Council Tax properties which has an impact on Council Tax revenue. Whilst the income from the premium is above target because only 80% of the eligible properties are used for the Council Tax base calculations thereby building in surplus within the budget, income from standard Council Tax is lower due to the transfer of homes into the premium category, due to properties moving out of the council tax system altogether and due to the reimbursement of second home owners for council tax paid following their registration as businesses. In terms of Council Tax collection, although the collection rate is lower than last year it has caught up well partly because of the Furlough scheme which has enabled people to continue with their payments without recourse to the Council Tax Reduction Scheme. However, the long term impact of the pandemic on those with Council Tax debt is not known and will not become clear until the debt collection process has been completed. It is anticipated that the provision for bad debt will need to increase which in turn will have an effect on the revenue budget.

In response to further questioning about the revenue derived from the premium and whether the policy needs to be reviewed in light of the loophole, the Officer confirmed that the second homes and long-term empty homes premiums generate income of approximately £1m and £500k per annum respectively with a substantial amount of that income being allocated to the Housing Service to support local housing. Switching from second homes to business properties is not a matter of choice – the Valuation Agency Office must confirm that the necessary criteria have been met ; the issue is whether there is sufficient capacity within the Valuation Agency Office to monitor ongoing compliance with the criteria in subsequent years following original registration as a business property. A report on the operation of the Premium since its implementation in Anglesey will be presented to the Executive in December, 2020.

- With regard to Indicator 43 (Percentage of planning appeals dismissed) which presented Red on the scorecard with a performance of 50% against a target of 65%, whether the 3 (out of 6) appeals upheld by the Planning Inspectorate were due to a Committee determination that was contrary to Officer recommendation. The Portfolio Member for Planning clarified that the 3 appeals were in relation to applications for replacement dwellings and were determined by Officers. In response to further comments about planning site visits by Committee – currently suspended due to Covid 19 - being an important component of the determination process, the Portfolio Member confirmed that site visits have been reintroduced in virtual form. The Chair suggested that the matter could be discussed further by the Group Leader meetings.

- With regard to Indicator 27 (Percentage of referrals of children that are re-referrals within 12 months) which presented as Red on the scorecard with a performance of 38.89% against a target of 10%, the reasons for the underperformance were queried. The Leader and Portfolio Member for Social Services clarified that the indicator is a local indicator introduced to address a specific issue raised by CIW. A re-referral does not necessarily mean that the child involved meets the threshold for assessment or intervention and the indicator will be reviewed to establish whether it is still fit for purpose. The Interim Director of Social Services confirmed that the indicator refers to a relatively small number of cases in the context of the number of families with whom Social Services engage whose needs do change and evolve meaning they can be re-referred for support that meets those new needs. A review of the re-referral case files found that they were all appropriately re-referred into the service due to new reasons and situations that could not have been foreseen or prevented.
- With regard to Indicator 35 (The average number of calendar days to let lettable units of accommodation excluding DTLs) which presented as Red on the scorecard with a performance of 78 days against a target of 26 days the reasons for the underperformance was queried. The Portfolio Member for Housing confirmed that the pandemic situation had had an impact on performance with it not being possible to let housing at the same level because of the need to comply with coronavirus legislation and social distancing requirements. However, the Service will be analysing this indicator in greater depth to obtain a better understanding of the reasons for the underperformance. The Head of Housing Services advised that the letting process has continued during the pandemic albeit at a much slower rate e.g. 131 units were let this year compared to 206 units for the same period last year. Whilst this is still an achievement given the challenging circumstances, the Service will endeavour to bring the performance closer to target over the coming months.

Having considered the report and the updates provided by Officers at the meeting, the Committee resolved to accept the report, to note the areas which the Senior Leadership Team is managing to secure improvements into the future and to recommend the mitigation measures as outlined to the Executive.

NO ADDITIONAL ACTION WAS PROPOSED

5 FINANCE SCRUTINY PANEL PROGRESS REPORT

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel updated the Committee verbally on the latest meetings of the Panel as follows –

- Provided a recap of the Panel's discussions from its meeting on 3 September which were reported fully to the Corporate Scrutiny Committee's 14 September, 2020 meeting.
- Outlined the main topics of discussion from the Panel's meeting held on 13 November as noted below -
 - The progress of expenditure on the 2020/21 capital budget noting an underspend of £16m on the programme at Quarter 1 where schemes have been delayed due largely to the pandemic
 - The performance of the revenue budget at Quarter 1 with particular scrutiny of variances in individual service budgets and the reasons behind underspends/ overspends at this point.
 - The resumption of service reviews in preparation for the budget setting process.
 - The prospects for the 2021/22 budget noting that the provisional local government settlement is due to be announced on 22 December, 2020.

It was resolved to note the update provided and to thank the Chair of the Finance Scrutiny Panel for the information.

6 FORWARD WORK PROGRAMME

The Committee's forward work programme was presented for consideration. The Chair highlighted the scheduling of two extraordinary meetings on 10 and 17 December, 2020 to consider the Schools' Modernisation Programme in the Llangefni area.

It was resolved –

- **To agree the current version of the forward work programme for 2020/21.**
- **To note the progress thus far in implementing the forward work programme.**

Councillor Aled Morris Jones
Chair