

REPORT TO THE CABINET
13 February 2018

Cabinet Member: Councillor Peredur Jenkins, Cabinet Member for Finance

Subject: 2018/19 Budget and 2018/19 - 2020/21 Financial Strategy

Contact Officer: Dafydd L Edwards, Head of Finance

Decision sought

(a) Recommend to the Council (in its meeting on 1 March 2018) that:

1. A budget of £242,862,930 should be set for 2018/19, to be funded by £175,127,330 of Government Grant and £67,735,600 Council Tax income, with an increase of 4.8%.
2. Establish a capital programme of £8.389m in 2018/19 to be funded from the sources noted in clause 9.4 of the report.

(b) Note the Medium Term Financial Plan in Part B, and adopt the strategy which is in part 32-34 of the Plan.

Summary

1. The Council has to set a balanced budget for 2018/19 and, in accordance with the usual practice, the annual budget is presented (Part A of the following report) within the context of a medium term financial strategy (Part B), ensuring that the budget prepares for the position to come, rather than meeting the requirements of one year alone.
2. This year, the Council profits from previous years' medium term planning, as we are able to balance the budget without making any new decisions which would cut services for our citizens, although the Tax will have to be increased by 4.8%.
3. It is recommended that the Tax is increased by 4.8% in 2018/19 in order to protect services for the people of Gwynedd, as it will be necessary to plan to find up to £20m of savings by 2019/20 and 2020/21.
4. Having consulted in a series of workshops during January/February, and with the Audit Committee (8 February), it is a matter for the Cabinet to consider the 2018/19 – 2020/21 financial strategy, recommending an appropriate budget to the Council for 2018/19.

A) 2018/19 BUDGET

5. The proposed budget for 2018/19 can be summarised as follows –

Savings to address the 2018/19 Gap	
	£
Approved Efficiency Savings	1,484,650
Approved Cuts	368,460
Further Efficiency Savings	896,430
Total Savings to close the Gap	<u>2,749,540</u>

Establishing the Budget and 2018/19 Tax level	
	£
2017/18 Base Budget	231,299,720
Additional Expenditure Requirements	<u>14,312,750</u>
2018/19 Expenditure Requirements before Savings	245,612,470
less Government Grant Income	-175,127,330
less 2018/19 Savings	<u>-2,749,540</u>
Council Tax yield: 4.8% increase	<u>67,735,600</u>

Balanced budget for 2018/19	
	£
2018/19 Expenditure requirements before Savings	245,612,470
2018/19 Savings Total	<u>-2,749,540</u>
2018/19 Net Budget	<u>242,862,930</u>
To be funded from -	
Grant Income	175,127,330
Council Tax	<u>67,735,600</u>
2018/19 Net Budget	<u>242,862,930</u>

6. By 2018/19, we will need to increase our expenditure to £245.6m in order to “stand still”, including £1.55m to meet pressures on the services’ budgets (details of the ‘bids’ are in Appendix 1). Consideration is given to development priorities separate to this, through the Council’s Plan. Presented here are the unavoidable commitments that the departments are facing now.
7. In order to meet the financial gap, it will be possible to attribute £2.75m of savings, and then Council Tax will have to be increased 4.8%.
8. Before completing a more thorough review of the Asset Strategy, we have established a programme on the basis of the minimum required for 2018/19, as noted in clause 9.4, which will mean a programme of £8.389m in 2018/19. The programme continues to spend on capital schemes on a higher level than the resource we receive from the Welsh Government to support our capital programme, but it is not considered that the relevant level of borrowing will overstretch the Council.

B) MEDIUM TERM STRATEGY - SUMMARY

9. The modelling work (in Part B of the detailed report) confirms we need to ensure that our procedures are flexible enough in order to realise up to £20m savings over the two years 2019/20 and 2020/21. With this in mind, it is recommended to continue with the current savings strategy where the Cabinet will decide on different targets for the Council’s departments, the heads of department presenting possible savings to meet those targets, and the scrutiny committees challenging the plans on behalf of the people of Gwynedd, before a public consultation on options to be implemented annually.

Reasons for recommending the decision

10. The strategy attempts to protect the services the Council provides for the people of Gwynedd and recommend a Council Tax increase in order to achieve that aim this year. By ensuring savings, they are intended to be achieved in those areas which will have the least effect upon our citizens.

Relevant considerations

11. It is a matter for the Council to consider the budget and set the Council Tax for 2018/19 on the basis of the issues noted in the following report.

Opinion of local member

Not a local matter

Views of the Statutory Officers**Monitoring Officer:**

Although it is a matter for the Full Council to make a final decision on the budget, it is important that the Cabinet gives them a clear recommendation regarding its expenditure plans and the draft budget, and this report achieves that. Once the Council has agreed on the financing sources, then the Cabinet will be responsible for the expenditure and the priorities within that budget.

On the other hand, the financial strategy is a matter for the Cabinet to decide, but by doing that, it would be desirable for it to be inclusive and consult with the Council. I support the intention to do that.

Head of Finance:

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