

GWYNEDD COUNCIL CABINET



Report to a Cabinet Meeting

Date of Meeting: 17 December 2019
Report by: Councillor Ioan Thomas, Cabinet Member for Finance
Contact Officer: Dafydd Edwards, Head of Finance
Title: Savings proposals and the Council Budget

Decision sought

To decide upon options to be considered in relation to the identified savings for the purpose of setting the 2020/21 budget.

Background

1. In July of this year, the Cabinet considered a report which tried to forecast the financial situation with which we would be faced in 2020/21.
2. At the time, it was noted that as the grant we had received from the Welsh Government over the past 12 years had not been sufficient to cover the costs of inflation, and as the demand in various services such as adult care and children's services had also increased, we had been in a continuous circle of having to find savings.
3. As a result, whilst there would be some limited opportunities to try and find further efficiency savings we had now reached a situation whereby any need for substantial further savings would more than likely mean cuts to services.
4. In addition, as I did not know the level of pay awards that would be agreed for the workforce nor the grant settlement from the government for 2020/21, it was not possible to forecast with any confidence the likely financial shortfall we would face in 2020/21.
5. As a result, for 2020/21 the Cabinet decided upon a strategy of planning to meet a deficit of £2m by sharing that amount amongst all departments (including schools), and noting that it would be a contribution towards the cost of inflation, and that we would use balances and/or a higher Council Tax increase to meet any larger deficit in order to give us time to find a permanent solution.

6. The Cabinet were warned that this was all predicated on an optimistic standpoint in relation to the grant we were likely to receive from Welsh Government and that if the eventual settlement reflected the patterns seen in previous years, the deficit could be significantly larger.
7. All departments have now reported upon their proposals to the scrutiny committees and they are listed in Appendix 1.

The proposals

8. The relevant scrutiny committees have challenged the proposals with a view to establishing whether these are the proposals which would have the least detrimental effect upon our residents within the individual areas.
9. In general, the committees were content that the proposals met that criteria but with the following exceptions.
10. The Care Scrutiny Committee decided to accept the proposals submitted by the Children and Family Support Department and the Adult Services, Health and Wellbeing Department but asked the Cabinet to consider the concern that a number of members had in relation to the proposed reduction of £30,000 in the grant to Women's Aid that it could lead to more costs for the Council in the long run and the need to undertake a full assessment of the consequences for the Council was emphasised.
11. The committee also had concerns regarding the impact of proposals to cut the mental health budget and services for carers. It was suggested that the Department should look for further reductions in the two areas where a reduction would have less of an impact, namely 3rd sector contracts or services for the elderly.
12. The Education and Economy Scrutiny Committee had difficulties when it came to discussing the proposals from the Education Department to the extent that they could not come to an agreed conclusion – only noting the report on the proposals and asking that their strong views be conveyed to the Cabinet. These views revolved around the fact that they were uncomfortable discussing any proposals to reduce the Education budget.
13. For the purpose of being able to come to an initial conclusion, the Chief Executive has reviewed the proposals in the light of the Scrutiny Committee conclusions and has sub-divided the proposals as follows:-

| Proposals | Total £ |
|--|--------------------|
| Proposals which seem to be "efficiency" and which should not have any effect upon residents (Everything apart from those listed below). | 1,062,320 |
| Proposals from the Children's Department and the Economy and Community Department which relate to discretionary services but which will have some effect upon the people of Gwynedd (Proposals from those departments shaded grey in Appendix 1) | 31,000 |
| The proposal within Education to reduce the central ALN budget following a reduction in the spending upon Individual Development Plans/ Statements (Shaded grey in Appendix 1 : * £110,000 already being utilised to rectify a deficit in another savings plan that is not being achieved) | 112,530 |
| Proposals within Adult Services relating to front line services which are likely to have an effect (Proposals from the department shaded grey in Appendix 1) | 331,000 |
| Reduce the general funding for schools (Shaded grey in Appendix 1). | 463,900 |
| Total | 2,000,750 |

14. The Government will not be announcing the draft settlement until 16 December and as a result, without that information we still do not know the extent of any potential deficit and whether we will need all of the above savings or more.
15. The current prognosis is that the settlement ought to be better than in previous years (and close to the optimistic outlook taken by us in July) but it is unlikely that it will be sufficient to meet the whole increase in our costs for 2020/21.
16. I intend to report orally to the Cabinet on the outcome of the draft settlement published by the Government on 16 December and the likely financial deficit that arises so that the Cabinet can consider to what extent it will need the above savings.
17. This will allow the Cabinet to consider the choices available to the Council in establishing the 2020/21 budget, which in turn, will allow me to discuss those choices with all of the members in the usual seminars which I shall be running in January before presenting a comprehensive report on the budget to the Cabinet at its meeting in February 2020.

18. In continuing to develop proposals to be contained in that report I shall also be incorporating the details of any relevant consultation processes, equality impact assessments, and the Council's duty under the Future Generations Act (Wales) 2015.

Views of the Statutory Officers

Monitoring Officer

The report emphasises that it is the initial steps in preparation of the 2019-20 Budget which are under consideration. The publication of the settlement on the 16th of December means that the key information will only be available late in the day and it is inevitable that an update to the report will be required. I would draw specific attention to the consultation and further detail work which will follow from the Cabinet's decision in order to build the comprehensive picture to establish the budget.

Head of Finance

Author of the report