

REPORT TO THE CABINET

16 February 2016

Cabinet Member: Councillor Peredur Jenkins

Subject: Cuts to meet the financial deficit

Contact officer: Dilwyn Williams, Chief Executive

Decision sought

- a) To approve the programme of cuts noted in clauses 48 and 52 below to meet £4.941m of the financial deficit from the £5.507m that the Head of Finance Department has identified in the Financial Strategy for 2016/17 and 2017/18, by way of increasing the Council Tax to 3.97% in 2016/17 and to plan for a figure of 3.97% in 2017/18 to meet the remainder of the deficit.
 - b) To agree on the remainder of the recommendations noted in clauses 20 to 24; 27 and 62.
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Introduction

1. The report of the Head of Finance Department on the Financial Strategy for 2016/17 - 2019/20 notes a financial deficit of £5.507m for the next two years after identifying efficiency savings and increasing the Council Tax 3.5% over the two years.
2. Based on the projection that we will be able to identify and realise the efficiency savings in question, and that we will adhere to the 3.5% increase in the Council Tax, we will then be required to identify cuts equating to this sum in order to ensure a balanced budget - namely the Council's statutory duty.
3. Following a process undertaken by the Cabinet to assess what would be possible for the Council to cut, during Summer last year, a series of members' workshops were held to discuss the shortlist, and following that a list was established to the value of approximately £13.6m of cuts that could be implemented if necessary.
4. Approximately £1.3m of these cuts were plans in services which were "supportive" in nature, and therefore, assuming that the people of Gwynedd would not be likely to prioritise "support" expenditure, to simplify the process, it was decided that the process to seek the public's opinion should focus on the remaining plans worth £12.3m.
5. During the Autumn, an opinion seeking process was held under the "Gwynedd Challenge" banner.

6. That opinion seeking process came to an end at the end of November, and a public report detailing how the people of Gwynedd expressed their opinions is available by following the link below -

<https://www.gwynedd.llyw.cymru/en/Council/Have-your-say/Gwynedd-Challenge.aspx>

7. During January, a series of workshops was held for all Council members to have the opportunity to scrutinise the opinion expressed by the public, by also considering the observations received on the various proposals. At those workshops, there was an opportunity to further discuss the various proposals and their impacts and on 26 January a composite workshop was held to note the matters which had arisen during the individual workshops and to see what the opinion of most members was on the matters that had arisen.

The outcome of the workshops

8. Appendix 1 sets out the 118 cuts proposals as set out by all individuals who took part in the opinion seeking process.
9. If we strictly adhered to the proposals according to the number of public votes received, then we would need to cut all proposals from band 0, band 1, band 2, band 3 and most of band 4 to meet the financial deficit.
10. During the opinion seeking process, it was emphasised that this process was not a "referendum" and that we would not merely follow the opinion in a robotic manner. The aim was to ask for the public's opinion based on the information available to them, accepting that they would only have part of the picture, so that the members could understand their views before coming to conclusions.
11. Obviously, members must consider the proposals by considering all relevant factors and the public opinion is certainly an important factor and if we are to deviate from their opinion it is important to highlight why we are doing so.
12. During the workshops there was general acceptance of the order given to proposals by the people of Gwynedd but many factors arose, which are noted below. I also note my response to them together with my recommendation for the Cabinet to consider in relation to the recommendations it intends to make to the Council.
13. **Plans 18 (Strategic Projects Unit); 41 (Business Support Unit); 45 (Events Support Unit); and 56 (Marketing and Tourism Service).**

During the workshops it became clear that several members felt that the opinion of businesses in Gwynedd had not been conveyed clearly enough and that it had been superseded by the voice of Gwynedd residents who wished to safeguard services more relevant to them.

Whilst accepting that there were some plans in the list that could be cut, a large number of members felt that the implications of cutting the above plans would be extremely far-reaching on the ability of Gwynedd's business to prosper. In the long run, that would have an impact on all of Gwynedd's economy and its residents, and it could be counter-productive.

I appreciate the argument and in light of its likely impact on our ability to deliver the Strategic Plan together with its impact on sustainability for the future, ***I recommend that it should be omitted from the cuts.***

14. Plans no. 3 and 57 (Strategic Grants for the Arts) and 24 (Community Arts Unit)

At the workshops, many members felt that if we progressed to abolish all above plans the Council would offer no support at all to the arts within the County, and that could have a significant detrimental impact as other agencies could assume that they should not invest in the county either.

Whilst accepting that the arts will have to play a part in the cuts, the majority of members were of the opinion that cutting all three plans was excessive and that the cuts should be limited to plan 3 only.

I accept this view, and given the arguments in relation to sustainability for the future together with the impacts noted in the equality assessments, ***my recommendation is that plans 24 and 57 should be omitted from cuts and Plan 3 should be kept in.***

15. Plan no. 33 (School Meals)

A vast majority of members felt that increasing the price of school meals was excessive and while there was a need to consider increasing it to bring it closer to the cost of providing it, an increase of 70p was excessive especially when considering the impact that would have on families with more than one child having school meals. It was also noted that perhaps other methods of setting the price could be considered.

Clearly, there were very strong opinions on this and in light of the equality impact assessment and the fact that it does not appear as though there is an easy way to mitigate the impact, ***I recommend that the maximum increase should be reduced from £3.00 to £2.50.***

16. Plan no. 7 (Community Regeneration Unit)

With this cut, a question was raised at the workshops as to whether the timing was appropriate, given that we would need to help bodies and communities taking responsibility for a service to do so. Cutting the resource now would limit our ability to do so and a vast majority felt that this was premature.

Clearly, helping bodies and communities to take responsibility for functions is an integral part of the Strategic Plan, and therefore I agree with the assessment **and recommend that it should be omitted from the cuts.**

17. Plan no. 34 (Derwen Support Service)

At the workshops, it was reported that there were several risks involved with cutting this support resource, to the extent that the impact on children and their families would be larger than the impact of some of the other plans the public had ranked higher.

It was noted that there was another plan involving Derwen (number 43) and in light of the fact that there was also an efficiency saving in this field, cutting both plans would have an extreme impact. Whilst accepting that the Children's Service has to play a role in the cuts process, especially given our relative expenditure level, the opinion of most members was that this plan should not be cut, but that Plan no. 43 should remain in the cuts.

This appears to be a plan where the information provided has not enabled the people of Gwynedd to consider its full impact and therefore in light of the equality impact assessment and the observations made at the workshops, **I recommend that plan no. 34 should be omitted from the cuts, but plan no. 43 should remain.**

18. Plans no. 4 and 35 (Street Enforcement Unit)

Some surprise was expressed that the people of Gwynedd had placed so much of the street enforcement service as a low priority given what is most often raised in complaints about litter and dog fouling etc.

Whilst accepting that, there was a strong feeling at the workshops that the public should be listened to and that it should remain in the cuts but without going too far, and whilst accepting the cut of 2 posts involved with plan 4 the next step should not be taken which was to delete a third post involved with plan 35.

I sympathise with the opinion expressed and given what has appeared in the equality assessment **I therefore recommend that plan no. 35 is omitted from the list of cuts.**

19. Plan no. 36 (Llyn Area of Natural Beauty)

It was reported that changes to this field were in the pipeline by the Government which could mean that we would have to do more than what is currently required or implement significant changes. Reference was also made to the income that was brought to the area as a result of the work done, and in light of this a vast majority felt that to cut it now would be premature.

Whilst noting the public's opinion there is evidence that it might be premature to consider the future of this Unit and therefore, my **recommendation is that we omit the plan from the cuts.**

20. Plan 31 (Youth Clubs) and 54 (Grants for Youth Organisations)

It was noted that the service had submitted an outline efficiency savings plan to re-design the Youth service, making a saving of £70,000. They are expected to deliver this as part of the efficiency requirements.

Whilst accepting that the people of Gwynedd had not highly prioritised youth clubs, the opinion of young people was of course different and there was a strong opinion amongst most members that the definition of Plan 31 needed to be amended to note that the entire service should be re-designed thus making a saving of the sum noted in plan 31 and the £70,000 included in the efficiency savings scheme, rather than taking the "easy" option of closing clubs.

Whilst accepting that grants paid to youth organisations need to be part of the review, there was a majority of members who considered that adding this grants sum to the expected savings would make any re-design impractical, and therefore the budget for plan no. 54 should not be included.

I agree with this opinion and given what has been noted in the equality assessment and while noting that the value of plan number 31 should remain in the cuts, ***I recommend omitting the budget of plan no. 54 (whilst accepting that the grants will have to form part of the review) and changing the plan in question to be a plan which re-designs the Youth Service by saving £270,000 (namely the £200,000 noted for Plan no. 31 and the expected efficiency saving).***

As the Service will be expected to report on the exact proposals to the Cabinet prior to implementation, the need to ensure that consideration is given to the spatial aspect of any re-design should also be noted.

21. Plan 55 (Libraries)

Within the list of efficiency savings plans, the Service has a plan in the pipeline to make the service more efficient and they have been consulting on that separately. By placing plan 55 in the position it was ranked, those who responded confirmed that they were willing to see that happen but they did not wish for us to go further. [Plan 55 describes the outcomes of the consultation process on the Efficiency Plan].

There has been some confusion regarding the sum that appears next to this option, as it represents a saving above the efficiency target of £101,370 which would be realised by creating a more restrictive offer.

A small majority at the workshops felt that this further cut should not be implemented, and if there was need to address the efficiency saving, it should be considered how difficult it is for rural areas to identify volunteers and to consider whether it is easier for urban towns to do so. It was also noted that reducing opening hours should be considered as a means of saving rather than changing the nature of those libraries.

I agree that we should give consideration to these observations and also note the needs of the various age related groups in the equality assessment. As a result, ***I recommend that the expected changes for the Library Services are limited to the expected efficiency savings (which involves an element of change as noted in the table for plan 55) but that we do not require the additional £28,000 and omit that sum from the cuts.***

Also when considering what should be done, it is necessary to consider the spatial aspect.

22. Plan no. 96 (CCTV)

Despite the fact that the public had highly prioritised retaining this service (whilst accepting that through plan no. 20 an aspect of a cut should be aimed for), there was a feeling amongst several at the workshops that there was inconsistency across the county; the cost for the Council was disproportionate to the contribution of other bodies and it was not part of the Council's core requirements.

In light of that, there was an opinion that it should be promoted to band 4 so that it could be cut in its entirety.

I feel uncomfortable about this, and do not believe that we have paid enough attention to the evidence regarding the value of this resource, the public's opinion on how valuable it is for them (with 42% of respondents noting that it was a priority for them and placing it in band 7) or our duty to ensure community safety.

Attention should also be paid to what has been noted in the equality assessment.

I would completely accept that the costs for the Council is disproportionate, but I would argue that we should be trying to rectify that rather than abolishing the Service. Because of that, ***I recommend that Plan no. 20 should remain in the cuts, noting that the saving should seek to be realised by reducing the Council's contribution and by making any implementation changes that can be undertaken without affecting the system's effectiveness and by omitting plan 96 from the cuts.***

23. Plan no. 97 (Town centre grass cutting services)

Despite the fact that the public had prioritised this, it was noted at the workshops that there was room to consider asking town and community councils to shoulder this responsibility. Cutting it would enforce local councils to consider doing so, and there was a small majority who were in favour of that.

I sympathise with the concept behind this principle and perhaps deciding to cut it would encourage some to take responsibility for it. Having said that, there is no certainty of that and ***I would recommend - in light of the priority it was given by the public - that it should be recorded as a recommendation for an efficiency saving rather than cutting it in the hope that someone will take it over.***

24. Plans no. 63 (Road works management); 65 (Adults Service); 66 (Women's Aid); 71 Homelessness Unit); 72 (Barmouth Bridge); 78 (Aber Bridge, Caernarfon); 85 (Beach Management)

During the discussions at the workshops, although the above plans were not in the four highest bands, most members felt that the impact of the above plans were not as large as some of the plans in band 5, and therefore they should be moved to the bottom of band 4 to be included within the cuts.

In relation to plans 63, 65 and 71, I would accept that these proposals are to reduce some of the available resource in the individual field, and although the public feel that these are of higher priority than other proposals in bands 1-4, and that they are matters referred to in the equality assessments, in light of the relative impact considered by the members at the workshops I agree with what was stated at the workshops and ***I recommend that they should be included in the cuts.***

In relation to plan 66, I am not completely convinced that cutting this contribution would have an impact on some children and on the Service that could not be alleviated in its wider context given the use made of the Council's contribution to attract match funding, but neither do I completely believe that the services are as efficient as they could be.

In order to encourage the bodies to consider looking for ways to be more efficient in terms of their activities, ***I would recommend that we do not move the plan into the cuts (leaving it where it is in band 5) but only subject to the Service being satisfied that they have looked for all possible opportunities to be as efficient as possible, including any saving that would derive from the efficiency savings.***

If that does not happen, the plan should be re-visited.

In relation to plans 72 and 78, these structures were not placed in very high priority at the workshops.

There is of course a strong feeling that the amounts we are paying for both bridges is disproportionate given that all Gwynedd tax payers pay towards them. Despite that, it must be accepted that locally they are important, and therefore rather than promoting them to be cut ***I recommend leaving them where they are subject to them achieving a target of significantly reducing the cost the Council has to contribute towards them in future.***

This will provide the local community with an opportunity to shoulder an aspect of the responsibility and ***I further recommend that the Service reports back in a year on efforts to do so, by re-visiting the future of the Council's contribution in light of any progress made.***

In relation to plan 85 (Beach Management) there was a feeling amongst most members that the green flag beach management should be cut as this was less of an impact than some of the other proposals submitted.

Once more, that may be the opinion of most of those at the workshops but 38% of the people of Gwynedd have noted that they wish to retain management on these beaches, and it appears that there is an argument as to why we do not manage green flag beaches if we manage blue flag beaches.

In light of the amount in question and what the people of Gwynedd stated together with its indirect impact on the economy, ***I recommend that it stays where it is in band 6.***

25. Plans no. 30 and 109 (Road Maintenance)

It was noted at the workshops that Plan no. 30's position meant that the people of Gwynedd accepted that it was necessary to look for a cut in the roads budget, but by placing plan 109 in that position they were also conveying a clear message that they did not wish to see the cut going too far [whilst accepting that only two choices were provided].

However, whilst accepting that completely cutting £1.5m is excessive in the public's opinion, because of its relative impact and the fact that it is possible to restore any detrimental impact later on in the assets plan, there was a clear majority of members at the workshops who were of the opinion that this budget should be looked at for a contribution of slightly more than £0.5m.

I note my opinion on this in clause 52 below.

26. Plan C1 (Adults Service Customer Care Unit) and C6 (Supporting People Unit)

These were plans amongst the support plans which were not consulted upon. Whilst accepting that the majority of those plans are ones that should be implemented due to their relative impact on the people of Gwynedd when compared with the other proposals in question, it was noted that there were

specific reasons where the impact of both these plans were more than what was foreseen and whilst accepting the other plans, there was a majority vote in favour of omitting these from the cuts.

I recommend that they are omitted from the cuts list.

27. Plan no. C8 (Frondeg, Pwllheli)

During the discussions at the workshops a concern was raised regarding vacating the Frondeg building and the impact on those who use the building. Although attracting enough support to take it out of the cuts was unsuccessful, the local concern regarding the impact on existing users must be acknowledged.

Therefore, I recommend that it remains in the cuts but that the Service should be requested to report back to the Cabinet on the business case before moving on to realise it to ensure that there are acceptable responses to the needs of those who are currently there.

28. Of course, several other matters were raised at the workshops but they did not receive the support of the majority of members present.

29. Also, several observations were raised and the Cabinet and myself will need to consider these when acting on the final proposals.

30. Plan no. 17 (Number of Members)

It was noted at the workshops, because the Welsh Government were no longer changing the electorates for the next Local Government election, it would no longer be possible for the Council to realise this plan.

Equality Assessment

31. Before making decisions, every individual in the public sector has a duty to consider the likely effect of the decision on those people with protected characteristics under the equality legislation (The Equality Act 2010).

32. This is undertaken by conducting an equality impact assessment on the proposals.

33. All assessments undertaken on the proposals in question can be seen in the 'Gwynedd Challenge Full Equality Impact Assessments' document, noted in the below background documents.

www.gwynedd.llyw.cymru/gwyneddchallenge-BackgroundPaper4-EqualityAssessments

34. Appendix 2 provides an overview of the duty and the assessments, noting some conclusions on the assessments themselves. However the presence of

this overview does not replace the requirement for members to read the full assessments in order to give appropriate consideration to the possible impacts and conclusions.

35. By forming recommendations on what was raised at the workshops, I have used the assessments. I have also used them when considering what should remain in the cuts list.
36. Specifically, I acknowledge that the equality assessments note relevant impacts in plans 19 (Free Breakfast for School Children); 29 (Arfon Community Gang); 38 (Village Cleaning); 40 (Housing Enforcement Unit); 44 (Healthy Living); 50 (Housing Grants Unit); 51 (Public Toilets); and 52 (Youth Justice) I believe that the alleviation steps or the relative impact means that they should remain in the cuts. However, it is necessary to be clear regarding the impact on the elderly when considering how to implement plan 51.

The Strategic Plan

37. Obviously it would not make sense to cut a resource which is used to deliver the priorities of our Strategic Plan.
38. I have looked at the proposals noted in bands 0 to 4 and of all of them there is a strong possibility that implementing plan no. 7 (Community Regeneration) could directly impact our ability to deliver the project **CA4 Further efficiencies and service provision models** in our Strategic Plan.
39. Including the plans noted in clause 13 above could also directly impact our ability to deliver projects **T1 High Value and Quality Jobs; T3 Digital Gwynedd; T4 Rural Gwynedd Innovation Scheme; T5 World Heritage Site and T7 Strategic and high profile events**
40. There are several other proposals that could have an indirect or marginal impact on the Strategic Plan, but we should be able to keep their impact to a minimum so that they do not reduce the ambition noted within the Plan.
41. There are several plans in bands 6-10 that could influence the Strategic Plan but as we are not considering the contents of those bands, that is not relevant to this report.

Future Generations Well-being (Wales) Act 2015

42. This Act requests that we set out and publish well-being objectives to indicate how we are going to achieve the seven well-being aims set out in the act.
43. To some extent, everything on the cuts list will have an impact on one of the seven well-being objectives to varying degrees. In terms of this report, what needs to be considered is that we are also required to work in accordance with the sustainable development principle, which means that we are

expected to act in a way that seeks to ensure that present needs are met without endangering the ability of future generations to meet their needs.

- 44.** The question I have therefore asked is whether some plans involve a larger impact for future generations than what is obvious today if we cut any of the proposals in bands 1 to 4. Also, specifically if it cuts across preventative work.
- 45.** Clearly the plans noted in clause 13 above involve ensuring the county's economic future and in respect of this, it is likely that their impact could be greater in the future than at present.
- 46.** Similarly, as noted in clause 14 above following the direction of "the vote" would mean that there would be no support for the arts in Gwynedd in future, and whilst noting that the impact would be felt now, its cumulative impact could mean a worse impact for future generations.
- 47.** The preventative aspects involved with plans 19 (Free Breakfast), 20 (CCTV) and 44 (Healthy Living Programmes) could have a larger impact in future than what is noted today, but given the other options I do not believe that that is a reason to omit plans 19 and 44. However, with plan 19 it will be necessary to be careful in terms of its implementation to ensure that those the plan was aimed for will still benefit from it.

Conclusions and recommendations

- 48.** Based on the reasoning noted above, this would mean that we would address the financial deficit for the next two years by implementing the following cuts -

	£
All band "0" plans apart from C1, C6 and C17	1,066,300
All band 1 plans apart from 7 and 18	910,520
All band 2 plans apart from 24	1,166,000
All band 3 plans apart from 34, 35, 36 and 41 and to reduce the maximum increase in plan 33 to £2.50	511,000
All band 4 plans apart from 45, 54, 56, 57 and the cuts element of 55	802,080
Plans 63, 65 and 71 from band 5	135,000
Total	4,590,900

- 49.** Clearly, this sum is insufficient to meet the financial deficit of £5.507m.
- 50.** In the report submitted to Cabinet on the strategic review of the Highways Service, the implications of different levels of cuts in the field were indicated.
- 51.** As noted in paragraph 24 above, there was a clear majority of members at the workshops who were of the opinion that this budget should be explored to seek a slightly larger contribution than the £0.5m in Band 2.

52. In light of what is appearing in the strategic review in terms of impact *I recommend that £350,000 more should be cut from the roads budget, by planning to reclaim it when preparing the next Assets Plan.*

53. This would leave a deficit of £566,100.

54. The obvious solution would be to progress to band 5 for the sum by including plans no. 59 (Neuadd Dwyfor); 60 (Reduce 8.5% of the public transport budget); 61 (Close 3 Recycling Centres); 62 (Close 2 Leisure Centres); and 64 (Delete the entire budget for voluntary organisations to deliver specific projects).

55. I believe that this would be a step too far if there is any way of avoiding it.

Council Tax

56. The opinion of the people of Gwynedd was quite split in terms of the question whether the Council Tax should be increased to safeguard services, with 45% voting in favour and 55% against. It is interesting to note that older people voted contrary to this.

57. Whilst accepting that some would be able to answer the question in abstract terms, it appears that several people's answer to the question would depend on what is cut and whether it will directly affect them. It is our duty as members to try to ensure that we can provide essential information to the best of our ability, especially for the most vulnerable people.

58. In respect of this, I recommend that rather than realising these cuts from band 5, that we meet the remainder of the deficit by increasing the council tax more than the planned 3.5%.

59. £566,100 equates to an increase of 0.98% to the council tax over 2 years (which equates to +0.47% per year) and ***I therefore recommend that the Council Tax should be increased to 3.97% in 2016/17 while planning to charge a 3.97% figure in 2017/18 to meet the deficit.***

Miscellaneous Other issues

60. Having said that, many at the workshops felt that plan 59 (Neuadd Dwyfor) should be included as it will be the only theatre / cinema which is run by Gwynedd Council, while other communities have to run their own establishments.

61. In accordance with the observations noted for the bridges in clause 23 above, we have to accept that this establishment is important for the area's community but we must also be aware of the challenge noted for the bridges, namely whether it is appropriate to ask all Gwynedd taxpayers to fully fund it.

- 62.** In light of this, *I recommend rather than including it in the cuts, the Service should be requested to discuss options for any local organisation to take it over with the aim of reducing the costs which are currently on Gwynedd's taxpayers' shoulders, by expecting a report back in a year and then it should be re-visited in light of the local response.*
- 63.** It is of course important to note that the fact that the plans appear in bands 5-10 and are avoiding being cut does not mean that no changes will affect them.
- 64.** There are several efficiency schemes in various fields which lead to savings of over £13.6m over the next 4 years which will need to be delivered to ensure a balanced budget, and delivering these plans will also involve a change within those services.

Implementation

- 65.** When the Council has set its budget it will need to proceed to implement the programme of cuts. Some of the proposals note that we will need to consider a number of options and where relevant, we will have to ensure that any specific duty or statutory requirement is observed when developing the detailed proposals. Some steps are subject to contractual processes and we will also have to observe such requirements.
- 66.** Where there is a specific duty to consult further on an issue, implementing the proposal will be subject to such a process. The impact assessments will be revised and adjusted as we develop the plans.
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Views of the statutory officers

The Chief Executive:

Author of the report

The Monitoring Officer:

Following a major public consultation process and scrutiny the report identifies a programme of cuts which are intended to form the basis for creating a balanced budget. The Cabinet, in then taking the matters forward for implementation will need to follow and address any specific legal requirements which are relevant to realising the programme. The way in which the findings of the Equalities Impact Assessments have been considered in forming the recommendations has been summarised in the overview document. However, in coming to a conclusion it is important that members refer to the complete impact assessments which are available to them

The Head of Finance Department:

I have been collaborating with the Cabinet Member for Resources and the Chief Executive on this report and approve of its content.

Background documents

Pack 1 - Summary of potential cuts and the public's opinion on them:

www.gwynedd.llyw.cymru/GwyneddChallenge-BackgroundPaper1-Summary

Pack 2 - Correspondence / Comments on the potential cuts:

www.gwynedd.llyw.cymru/gwyneddchallenge-BackgroundPaper2-Correspondence

Pack 3 - The outcomes of the process of gaining the opinion of the people of Gwynedd on the potential cuts:

www.gwynedd.llyw.cymru/gwyneddchallenge-BackgroundPaper3-Results

Public document - The outcomes of the Gwynedd Challenge public opinion survey

<https://www.gwynedd.llyw.cymru/en/Council/Have-your-say/Gwynedd-Challenge.aspx>

Gwynedd Challenge Plans Equality Assessments

www.gwynedd.llyw.cymru/gwyneddchallenge-BackgroundPaper4-EqualityAssessments