

CYNGOR GWYNEDD CABINET

Meeting date:	11th February 2025
Relevant Cabinet Member:	Cllr. Nia Jeffreys, Council Leader
Liaison Officer:	Dafydd Gibbard – Chief Executive
Item Title:	Savings and Cuts Plan 2025/26

1. Decision sought

Cabinet is asked to:

- a) Approve the savings and cuts listed in Appendix A (£519k) to be used as a contribution towards our 2025/26 fiscal gap, and commission the Departments to move forward with implementing the plans while noting the issues highlighted in the report.
- b) Delegate the right to the Chief Executive, in consultation with the Council Leader and the Finance Cabinet Member, to make adjustments to this Savings and Cuts Scheme within the Departmental totals as the maturity of the schemes listed in Appendix A develops, within the fiscal totals.

2. Rationale and justification for recommending the decision

- 2.1 We now know what our Welsh Government Revenue Support Grant (RSG) level will be for 2025/26 (increase of 3.2%), and that it will be significantly lower than what we will need to maintain our current level of services.
- 2.2 We are also facing a situation where departments are overspending, mainly due to continued increases in demand for their services and that it is now impossible for some services such as children's services, adult care, waste and highways to be able to operate within their current budget. It leads to departments overspending around £8M this year. Much of this gap stems from a lack of budget to meet higher demand for services and in most cases, it is not an option for us not to provide those services. Therefore, we are going to have to use reserves for coping with the situation.
- 2.3 We also know that we were facing significant increases in staffing costs as a result of the change in the Westminster policy to increase the employer's National Insurance contribution. As an employer of 6,000 staff, this adds £4.5M to our staffing costs.
- 2.4 We have received a strong indication that we will receive an element of this cost from the Welsh Government as a result of the consequential provision of the Westminster Government's announcement to be meeting additional costs to public sector National Insurance employer contributions in England, but that there is a risk that we will not

receive the amount in its entirety. It is unlikely that we will receive any additional funding towards external providers' National Insurance cost increases.

- 2.5 It has also been confirmed that we will not receive any confirmation of contributions towards these cost increases until the summer, well after setting the budget and commencing payment of the higher rate of employer contribution towards National Insurance.
- 2.6 Given the information we have already received above, our finance experts consider it reasonable to make an assumption that we will receive a £3.5M contribution from the Welsh Government towards the additional costs of National Insurance.
- 2.7 The result of increased demand, the need to provide a higher budget for the departments that are now unable to cope with their current budget, increases in national insurance costs that would not be entirely met by the Welsh Government, and the RSG, is that the Council faces a 25/26 funding gap of £8.77M.
- 2.8 The Head of Finance will report to Cabinet at this same meeting as this report, which will outline how we are to cope with the impact of this gap in setting our budget for 2025/26. The budget will have to include a combination of having to increase Council tax and delivering budget cuts across the Council. The purpose of this report is to outline how we have gone about identifying these cuts and securing Cabinet approval to implement them so that the 2025/26 budget can be set.

Process of identifying savings and cuts

- 2.9 Further to the process of establishing the savings plan for the last two years, and given that we have now exhausted any potential efficiencies, we set about establishing a new cuts regime in Spring 2024.
- 2.10 At its meeting on 14 May 2024, the Cabinet commissioned the Chief Executive to establish and lead on a range of measures and work packages, to prepare for meeting the significant gap in our budget over the next three years, including developing a new regime that identifies the most essential services to the people of Gwynedd that we can provide.
- 2.11 During the summer 2024, a cuts panel was held for each Department. Each Department Head presented a range of information about each individual team within their department to a panel comprising the Council Leader, the Department's Cabinet Member, the Department's Shadow Cabinet Member, the Chief Executive and the relevant Director.
- 2.12 The information presented to the Panel included the following for each individual team:
 - the purpose of the team,
 - staff numbers,

- expenditure, grants and income,
- statutory functions and explanation of statutory elements
- impact on the people of Gwynedd should the team cease to exist, or reduce, or impact on other Council departments
- is the service available to residents elsewhere?

2.13 Panel members were asked to give their views if consideration could be given to abolishing the function altogether, if the provision could be reduced and accepted that we will achieve less or more slowly, or if not to consider reducing a resource for the team. The responses were analysed and a long list of cuts options was established.

2.14 A meeting was held with the Department Heads to report back on the conclusions of the cuts panels and the detail of options that would go on to the next stage, which would be to present to all members for guidance if they are willing to cut in the areas identified in order to set a balanced budget.

2.15 It was concluded that it would be more beneficial to fully consider the RSG to see an impact on the funding gap before consulting with the elected members so that they could be provided with the best possible information to equip them before expressing their views.

2.16 With that in mind, workshops were held to all elected members in January 2025 to prioritise cut plans for 25/26.

2.17 39 proposals were submitted with a total value of approximately £1.89M. Each of these was assessed either by myself or by one of the Directors and placed each scheme in the following categories to help Members to be able to approach prioritisation with an awareness of what the risk level would be of implementing any individual proposal.

Efficiency saving	No need for the budget, or the service to be delivered in a different way with zero substantive impact on Gwynedd residents
Cut	A cut that results in a small impact on service performance or provision
Cut	A cut that results in a noticeable impact on service performance or provision
Cut	A cut resulting in a material impact on service performance or provision

2.18 We also carried out a legal assessment with a high-level financial assessment on each individual scheme to ensure they were deliverable schemes.

- 2.19 When submitting their proposals, it included an explanation of the impact of each proposal on Gwynedd residents along with an initial consideration of equality considerations. Two workshops and several one-on-one sessions were held, where the Directors and I presented the proposals to workshops of elected Council Members.
- 2.20 During the workshops, Members indicated if they were willing to implement all 39 proposals, or, if they were not willing to implement them, accepted the need to increase council tax equivalent to the monetary value of the cut in question. For example "reducing capacity in the harbour management team which would save £35,000, or increasing the tax equivalent by 0.04%"

Financial strategy consultation

- 2.21 Prior to these workshops, we also held a Public Consultation explaining the Council's financial position and the likelihood that we would be forced to implement cuts as part of the effort to meet our 25/26 funding gap.
- 2.22 Instead of asking the public to identify areas where they would be willing to implement cuts, everyone was asked to identify the 5 service areas that were most important to them.
- 2.23 There were 627 responses (Appendix B), and the top 5 areas, in order of priority were:
1. Education – primary and secondary schools
 2. Adult Social Services - providing support and care to adults with care / disability needs e.g. home care / care homes
 3. Highways - road maintenance
 4. Children's Social Services - providing support, protection, and care to vulnerable / disabled children
 5. Housing – building social housing, housing schemes for local people
- 2.24 The above was an important consideration in actively prioritising cut proposals and also setting a 25/26 budget. It is good to be able to confirm that we have not had to implement cuts in these areas and that we have once again been able to protect school budgets and services for the county's vulnerable people, and indeed have been able to supplement those budgets in many cases.

Workshop findings

- 2.25 There was a consensus among members on which plans should be prioritised, and it turned out that there was no appetite to be implementing many cuts. In fact 21 out of the 39 options were ones where over half of members were not supportive of implementation.

- 2.26 There was consensus among over 80% of members for only 9 options that they were willing to implement them.
- 2.27 By going below this threshold, the differences of opinion among members were more prominent and was one of the considerations in recommending the savings and cuts to adopt.
- 2.28 The conclusion was that there was support for implementing around £519k of the proposals over the next two to three years, in line with an approximate profile as follows:

2025/26	2026/27	2027/28
£100,000	£320,500	£98,500

- 2.29 A complete list of proposals prioritised for implementation can be found in Appendix A. Broadly they can be placed in the following groups in terms of the type of scheme involved:

Increasing income This will include increasing fees for services.	£90,000
Reducing resources or consolidating services This can mean a delay in receiving a service or a decrease in service performance.	£429,000
Total	£519,000

- 2.30 Although some of the savings here overlap with the functions of specific statutory duties, they do not involve the non-performance of the duties here.

Governance and Audit Committee

- 2.31 The Governance and Audit Committee will scrutinised the process of identifying savings and cuts at its meeting on 6th February 2025.

Further considerations

- 2.32 The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The act imposes a well-being duty on public bodies aimed at achieving 7 well-being goals of a Wales that is prosperous, resilient, healthier, more equal with cohesive communities and a vibrant

culture where the Welsh language thrives and is responsible at a global level. The plan was prepared within the principles of the Act by applying the statutory 5 ways of working.

- 2.33 Reducing the impact on Gwynedd residents and future generations has been at the core of identifying savings and cuts. The process in itself filtered the proposals identifying those with the least impact, and to protect the well-being objectives / priority areas in the Council's Plan.
- 2.34 In accordance with the requirements of the Language Measure 2011, the impact on language is considered when making decisions. The Impact on Equality Characteristics, the Welsh language and Socio-economic disadvantage Assessment in Appendix C looks at the Cuts Plan as a whole and concludes that the same services will be available in Welsh and English following the implementation of the cuts so the Welsh language will not be treated less favourably than the English
- 2.35 In accordance with the legal duties under the Equality Act 2010 ("The Act") (including Welsh public sector duties) in decision making the Council must pay due regard to the need to (1) abolish unlawful discrimination (2) promote equality of opportunity and (3) build good relationships on the basis of the protected characteristics together and hold attention to socio-economic impacts.
- 2.36 The implications and impacts were evaluated in accordance with the duty under the Act in developing and prioritising the proposals. An Impact on Equality Characteristics, the Welsh language and Socio-economic disadvantage Assessment has been prepared in Appendix C which evaluates the impact of the recommended savings. The impact assessment has been part of this work throughout the journey and will continue as the plans are implemented. However, it is not considered that the Assessment has identified issues that would create a need for an alternative direction to the decision being sought.

3. Opinion of the Statutory Officers:

i. The Monitoring Officer:

This programme of proposed savings and cuts has been subject to a detailed assessment process as set out. However, it must be recognised that there are a range of schemes here that represent service cuts that will have various impacts. It is also appropriate to note that Cabinet is assured in the report about the continued performance of statutory duties. The delegation proposed is also appropriate. An Equality and Language impact assessment has been prepared as part of the process and needs to be considered by Cabinet as well as the results of the consultation. Approving these proposed savings allows the Cabinet to recommend a balanced Budget to the Full Council. I'm satisfied with the propriety of the report.

li. Statutory Finance Officer:

Department of Finance officials have worked closely with the author of the report, and I can confirm the accuracy of the figures included in it. Realising savings from the values set out is essential to enable us to set a balanced budget for 2025/26.

Appendices

Appendix A: List A - Savings and Cuts

Appendix B: Public Consultation report

Appendix C: Equality Assessment