

MEETING	THE COUNCIL
DATE	10 DECEMBER 2009
TITLE	SAVINGS STRATEGY 2010-2013
PURPOSE	ADOPT A SAVINGS STRATEGY FOR 2010-2013
AUTHOR	CHIEF EXECUTIVE
PORTFOLIO LEADER	COUNCILLOR DYFED EDWARDS

1.0 **CONTEXT**

- 1.1 Members will be aware that national public finances are in a perilous state. We can be certain that Gwynedd Council, like all other Councils, will suffer from the effects of expenditure constraints. The Council cannot be sure at this stage, about the exact figures that we will have to save over the next seven or eight years. However, it is clearly evident that the levels of required savings and the time period over which they must be found will be unprecedented.
- 1.2 The financial squeeze is the biggest strategic risk and challenge the Council will face over the next seven or eight years and demands a strategic response and robust leadership if we are to minimise the potential damage and maximise the opportunities available as we face up to the challenge.
- 1.3 Based on the latest assumptions, the gap in the Council's budget will be about £16.2m over the next three years. If inflation takes off, or our government grant assumptions are too optimistic, the eventual gap will be higher. More important is the fact that the cumulative savings target over seven or eight years will be far higher and this should affect the way we think and act.

2.0 **THE PROCESS TO DATE**

- 2.1 Over the years, we have tried to be more inclusive and bring more members into the process of developing the strategy at an earlier date. In this respect I believe we have made great strides this year. However, I also acknowledge that we can improve further in the future.

2.2 Regardless of the eventual decisions that you as councillors make on the detailed package, I would like to thank and congratulate all those councillors, staff, members of the public and the voluntary sector, for their involvement to date. Everyone has approached a difficult and sensitive task in a mature and responsible manner.

3.0 **THE RECOMMENDATIONS IN SUMMARY**

3.1 Should all the recommendations in the attached report be accepted, the total savings over the three years from the quantum exercise will be £10.0m. When added to the annual ½% efficiency target, the cross-departmental efficiency savings and the reduced costs that reflect projected demographic savings in schools – the total savings package amounts to £15.708m.

SUMMARY - 19/11/09

	2010/11	2011/12	2012/13	Total
	£ '000	£ '000	£ '000	£ '000
0.5% Financial Efficiency	1.087	1.087	1.087	3.261
Cross-departmental Schemes	0.446	0.618	0.672	1.736
Quantum - A & B Groups	2.484	2.596	4.922	10.002
Secondary School Demography	0.018	0.230	0.280	0.528
Primary School Demography	0.017	0.002	0.162	0.181
Total	4.052	4.533	7.123	15.708

3.2 Members should not be too alarmed that this falls marginally short of the potential budget deficit at this stage. The important thing is that we maximise the savings package as this will allow us some breathing space in the next year to develop further savings, should the eventual 3 year gap prove to be higher still.

4.0 **SCHOOLS**

4.1 The recommendations regarding schools reflect a number of factors:-

- A genuine concern regarding the ability of schools to cope with further reductions.
- Messages from members and the public in the consultative workshops.
- The fact that schools will also face savings due to demographic changes.
- The fact that schools also face potential cuts in grants provided by the Welsh Assembly Government.

4.2 It should be noted that the ½% target for efficiency savings also applies to schools and they will need to save £285,000 per annum to meet this target. In the first year this burden will be reduced as some £220,000 of savings will be available from the closure of 3 schools which has already been approved.

4.3 The suggested quantum cuts for schools in 2011/12 and 2012/13 can only be provisional at this stage because if the eventual budget gap proves worse than expected, this area will need to be revisited.

5.0 **CONCLUSION**

5.1 It is important that the Council maximises the sum available in the savings strategy because:-

- Some certainty is required in order to balance next year's budget.
- Many of the schemes in the second and third year require early approval as they have long lead-in times to develop the detail of the schemes before they can be implemented.

5.2 The Leader and Senior Portfolio Leaders have discussed and approved for consideration the attached list. Also the list has been considered by the Council's Business Group.

5.3 Over the next six months, we need to investigate different measures for future savings requirements and also ensure that arrangements are in place to deliver the savings in the savings strategy.