

COMMITTEE	COUNCIL BOARD
DATE OF MEETING	14 FEBRUARY 2012
TITLE	2012/13 - 2014/15 FINANCIAL STRATEGY
PURPOSE	To establish the financial strategy for the period in question and recommend an increase in Council tax to the Council.
RECOMMENDATION	To approve the capital and revenue budget and recommend an appropriate Council Tax increase to the Council.
AUTHOR	Dilwyn Williams, Corporate Director
PORTFOLIO LEADER	Councillor Sian Gwenllian

1 BACKGROUND

- 1.1 At its meeting on 13 December, following recommendations by the Principal Scrutiny Committee, the Board considered the probable budgetary position for the period 2012/13 - 2014/15.
- 1.2 I would remind members of the fundamental equation that has to be met each year -

$$\text{Expenditure} = \text{Assembly Grant} + \text{Council Tax}$$

- 1.3 On the expenditure side, it was reported in December that our expenditure requirements would increase £8.4m in 2012/13 in order to meet the unavoidable increase in costs and priorities that would need to be financed and that the Welsh Government Grant would reduce by £0.1m - which would mean that the equation would not be sustained unless we reduce the level of expenditure or increase the Council Tax to find the £8.5m.
- 1.4 There was agreement in the Board regarding the general direction of the strategy and how we would deal with the identified risks.
- 1.5 At the time, the opinion regarding Council Tax was to generally keep to the Council's long term policy by increasing the Council Tax between 3.5% and 3.9% in 2012/13 taking into account the necessary expenditure on services, the historical policy, the probable climate regarding council tax increases in other councils and the economic situation.
- 1.6 A full copy of the previous report can be found on the Council's website at :

http://www.gwynedd.gov.uk/ADNPwyllgorau/2011/Pwyllgorau%20Crffu/Prif%20Bwyllgor%20Crffu/2011-12-08/english/08_01_Financial%20Strategy%202012-13%20-%202014-15.pdf

- 1.7 This report gives an update on the position noted above. In general there hasn't been a substantial change since I reported in December but any changes since are noted herewith.
- 1.8 The current position is that the Council's expenditure increase is now calculated to be £8.3m for 2012/13 and with the Welsh Government Grant staying constant, this means that the £8.3m will have to come from an increase in Council tax or reductions in Council spending.
- 1.9 Over the longer term, our latest projections show that our expenditure projections for the 4 year period to 2014/15 continue to be close to the mark and that the strategy to deal with the deficit of around £37m over the period continues to be necessary. The latest position shows that we are also succeeding in achieving that strategy.
- 1.10 However looking forward to the future it appears that we will be faced with a much more difficult situation in 2015/16 and 2016/17 and we need to start planning for that situation now.
- 1.11 The Principal Scrutiny Committee will consider this report at its meeting on 9 February and the results of its deliberations will be reported to the Board.

2 FINAL POSITION 2012/13

- 2.1 Following the general direction of the strategy that was established in December these are the latest anticipated figures for 2012/13 (the comparison with that reported in December is noted) -

Table 1
Final Budget 2012/13

£'000	Reported in December	Final Budget	Difference
Base Budget	217,526	217,526	-
Salary Inflation	2,114	2,114	-
Other inflation	3,083	3,101	18
Precepts	-	(15)	(15)
Increments	157	157	-
Pensions	345	345	-
Interest on Balances	(32)	(29)	3
Borrowing Costs	139	(7)	(146)
Demography – Learning Difficulties	180	180	-
Less income budgets	260	334	74
Various	24	(190)	(214)
Transfers to settlement	-	(4)	(4)
Meet pressures on services	1,500	1,714	214
Three Year Plan	700	700	-
Total requirement	225,996	225,926	(70)
Revenue Support Grant	(167,926)	(168,067)	(141)
Council Tax (no increase)	(49,561)	(49,561)	-
Deficit to be found through -	8,509	8,298	(211)
Council Tax increase	(1,982)	(1,933)	49
Savings of £16m	(3,727)	(3,704)	23
1% Efficiency Savings	(1,500)	(1,458)	42
Change financing policies	(400)	(405)	(5)
Corporate Income Project	(250)	(250)	-
Corporate efficiencies	(750)	(750)	-
To be discovered	(100)	(202)	(102)

- 2.2 It can be seen that there are only minor changes since the report in December with the increase in the need to spend staying fairly stable but with the final grant from the Government for Wales slightly higher than forecast.
- 2.3 Details of what this means to each service are given in Appendix 1.
- 2.4 From the variations that appear above, the reasons for the main variations are highlighted below.
- 2.5 **Borrowing costs** - this figure is reduced due to establishing the capital programme noted in part 5 of the report and the resultant expenditure profile. As the expenditure profile means less borrowing in the next 3 years than we had originally envisaged the borrowing costs will be £207,000 less in 2012/13 (rather than £139,000 more as was originally forecast).

However, as the Council will need to borrow in due course to fund its match funding requirements for the grant monies we are due to receive from the Welsh Government to improve schools and as the Board has also decided in December that it wished to ensure capital resources of £15m for the care sector over the next 7 years, we will also need to find the revenue resources to fund this borrowing.

I have therefore taken this opportunity whilst our current borrowing costs are falling, to make a provision of £200,000 towards these costs.

More about the capital programme can be seen in Part 5 below.

- 2.6 **Reduction in Income Budgets** – as a result of the recession we have seen a detrimental effect on the Council’s income. Following a review of all the income budget headings, further income budgets have had to be reduced.
- 2.7 **Various** – Since preparing the original budget it has become apparent that we will benefit from the changes to the national insurance paid on the workforce’s wages/salaries. This constitutes most of this figure.
- 2.8 **Transfers from the settlement** – two small changes are implemented as a result of transferring responsibilities (and as a result, moving budget to or from the settlement). The responsibility of paying for Ordnance Survey services transfers nationally to the Welsh Government and as a result we will save costs of £31,000. Some responsibilities under the Mental Health Act which fall on the Council at a cost of £27,000 means a net transfer of £4,000 from the settlement.
- 2.9 **Dealing with pressures on services** – at the time of preparing this report in December the forecast figure for these pressures was £1.5m. Now bids to the value of £1.7m need to be considered (see separate report by the Head of Strategy and Improvement).

It can be seen that the report of the Head of Strategy and Improvement also recommends approving one off bids of £85,000 and on top of this, it must be remembered that the Board adopted a strategy at its meeting on 1st November last year to provide £100,000 on a one off basis in order to put together a customer incentive package for Hafan, Pwllheli. Taken together therefore a one off figure of £185,000 will be required and this can be financed from the £310,000 performance incentive grant kept annually for one-off purposes.

- 2.10 **Reserve Budget** – Whilst reminding members that we do not know what the actual pay rise will be for 2012/13, we have made a provision for 2% in the budget with the hope that this will not materialise and if that should prove the case, it would be available to us as protection from having to find service cuts in 2013/14.

Although we have provided for a reasonable increase in energy costs again next year, I have doubts as to whether it will be enough. Also, there will be transport tendering again next year and there is a risk that we will again see higher costs but we will not know this until we have tendered.

The £600,000 in the contingency budget should be adequate to protect against these problems.

- 2.11 **Welsh Government Grant-** We have now been informed that the grant received from the Government for Wales will increase from the £168.026m received in 2011/12 to £168.067m (rather than £167.92m envisaged before Christmas). This figure includes the figures given for transferring services (see para. 2.8 above) and by comparing like for like it represents an increase of 0.02% against an average increase across Wales of 0.2%.

I have noted in the previous report the reasons for having this less than average increase in grant.

- 2.12 **Increase in Council Tax** – I have adjusted the figure used in the budget down to 3.9% in accordance with the higher boundary mentioned by the Board in December. The Council is of course free to vary this figure.

More details about the Council Tax are noted in part 7 below.

- 2.13 **Savings** – as noted in December, whilst we have had to make some minor changes to the profile of the savings programme, with one or two exceptions which one would expect in a programme of such magnitude, on the whole we have managed to realise the original £16m programme and the other initiatives required to ensure a balanced budget, and this will continue into 2012/13.

3 SCHOOLS

- 3.1 As I noted in December, the Welsh Government have indicated that they have protected the local government grant in order to ensure less of a reduction in the schools and Social Services budgets compared with other services.
- 3.2 Our attitude to this is to continue to plan on the basis of what the Council would wish to do with the schools budget and then compare this against the Welsh government's intentions to consider if we need to make adjustments in order to comply.
- 3.3 This year, we are required to ensure that schools have a cash increase of +1.58%. The latest figures show that we should be able to meet this requirement fairly easily due to the finance provided for inflation.

- 3.4 Unlike other services, schools will not be facing savings this year other than to face to the usual adjustments that occur as a result of changes in pupil numbers, with some schools gaining and some losing out.
- 3.5 On the other hand Gwynedd's schools will benefit from the promise made by the Welsh Government in order to obtain approval for their budget for this year that they would provide extra funding for schools in order to educate children from underprivileged backgrounds.
- 3.6 The net result of the reduction in the number of pupils is a budget reduction of £135,000 (with the primary sector increasing £39,000 and the secondary sector decreasing £201,000). Of course the effect on individual schools within the sectors will also vary with some increasing pupil numbers and others decreasing. On the other hand it is estimated that the value of the figure schools will receive from the Welsh Government through the extra grant will be around £500,000 for the primary sector and £372,000 for the secondary sector but again the figure per school will vary depending on the number of children receiving free schools meals.
- 3.7 On the whole therefore this year, schools budgets will increase even after facing the reduction in pupil numbers. However, this will vary from school to school and some secondary schools in particular will still be faced with challenging circumstances due to falling numbers of pupils.

4 UPDATE ON THE FOUR YEAR PLAN 2011/12 - 2014/15

- 4.1 As noted in the December report, the details we now have for the second year of our 4 year plan hasn't changed the picture substantially.
- 4.2 Table 2 notes the most recent projections for the four year period as a result of solidifying the detail for 2011/12 and 2012/13 together with the most recent information regarding the savings profile and comparing the position with the original projection.

Table 2
Financial projection for planning purposes 2011/12 - 2014/15

	11/12	12/13	13/14	14/15	Total	Original
Forseeable financial deficit	8.6	8.4	9.6	10.6	37.2	37.5
Council Tax	(1.9)	(2.0)	(2.4)	(2.1)	(8.4)	(8.4)
Savings£16m	(4.9)	(3.8)	(1.3)	(0.9)	(10.9)	(11.7)
Changes to financing policies	(1.2)	(0.4)	-	-	(1.6)	(1.6)
1%service efficiencies	-	(1.5)	(1.8)	(2.0)	(5.3)	(5.2)
Corporate Efficiency	(0.5)	(0.7)	(1.4)	(2.0)	(4.6)	(4.2)
Increasing Income	-	(0.3)	(0.1)	-	(0.4)	(0.8)
Cuts	(0.1)	0.3	(2.6)	(3.6)	(6.0)	(5.6)

- 4.3 The projection of the financial deficit continues to be around the £37m mark and the only change regarding the savings profile is the fact that

we now know that the £16m savings plan will generate about £650,000 less due to less savings being generated from the plan to re-model commissioning in the elderly people service ; the fact that we could not fulfill the plan of reducing the number of members; and the fact that the savings generated from the Asset Management Plan are likely to be a little less than anticipated. The remainder derives from the fact that £100,000 of the savings will now be found in 2015/16 which is outside the window of the above table.

- 4.4 Details of the projections together with the requirements that produce the figure of £37.2m are given in Appendix 2 for the members' information.
- 4.5 Although the above suggests that we will have to increase the service cuts figure due to the reduction in what the £16m savings plan generates, it has already been agreed that the corporate efficiency savings target needs to be increased to compensate, and discussions are ongoing at present regarding this proposal, with a view to bringing the options before the new Council when it is elected in May.
- 4.6 On the whole therefore the position remains satisfactory and even though we have had to find savings of over £13m in the last two years, it is heartening to note that a large percentage of this figure has derived from efficiency savings without having to cut services to citizens.
- 4.7 Whilst we must congratulate ourselves on the effort and the work done to reach this position, there is a danger that we wallow too much in self congratulation and think that the future will be just as easy. As I stated in the report in December, the revised grant figure for 2014/15 has already reduced from that envisaged last year, and in his autumn statement the Chancellor noted that it will be necessary to extend the austerity measures beyond 2014/15 for at least another two years.
- 4.8 We are already projecting that we will need to implement service cuts in 2013/14 and 2014/15. If we assume that there will be further real terms reductions in the Council's grant in 2015/16 and 2016/17, and as opportunities for efficiency savings become more difficult to achieve, the danger is that a higher percentage of savings from 2014/15 onwards will have to be service cuts.
- 4.9 This is one of the biggest threats that the new council will face after May and it will have to look into the financial future very early on bearing in mind the financial climate with which we will be faced.

5 CAPITAL

- 5.1 The capital programme for 2010/11 and 2011/12 was derived from the asset strategy and now there is a need to plan the capital programme for the next three years.

- 5.2 Naturally, the basis of the latest programme will be the strategy as amended by the Board in December (following the review by the Principal Scrutiny Committee). It is the Council which has the right to approve the strategy and it will be presented to the Council in March.
- 5.3 Assuming that the Council adopts the amendments to the strategy, a 3 year capital programme is recommended as appears in appendix 3.
- 5.4 Particular attention should be given to the proposed expenditure of £3.465m per annum on road maintenance. This stems from the plan established by the Welsh Government in consultation with the Local Government Association to use local government's powers to undertake prudential borrowing to undertake work on the road assets.
- 5.5 The Welsh Government will provide revenue money for us to borrow in order to undertake this work and the money will be paid to Local Authorities over 20 years so that we can repay the loans we take out.
- 5.6 Naturally, this will have a positive effect on our road assets and will be a positive injection to the local economy in Wales.
- 5.7 However these figures are current estimates of the capital resources which can be borrowed using the available revenue resources and we may need to adjust this figure. It will be adjusted according to the revenue which we receive (and the capital which that will then enable us to borrow) and the actual amounts will be reported to the Board in the quarterly review.
- 5.8 The expenditure seen under Schools Reorganisation represents the expenditure in the Tywyn area. The schemes plans that we will undertaking in other areas are not in the programme yet as we are discussing the grant profile for the whole programme with the Government for Wales. These schemes will need to be added as soon as we know when we will be starting on the individual plans.
- 5.9 The programme noted in Appendix 3 includes a sum in 2012/13 for the additional bids recommended in the report of the Head of Strategic and Improvement Service.

5.10 It is also recommended that we fund the programme as follows -

Table 3
Funding capital programme 2012/13 – 2014/15

£'000	2012/13	2013/14	2014/15
Capital requirements	16,133	16,195	12,600
To be funded through			
Capital	7,349	6,527	6,527
Grants towards schools	3,351	2,173	
Capital receipts	1,592	2,090	2,096
Contribution from Revenue	376	1,940	512
Prudential borrowing (*)	3,465	3,465	3,465
Total funding	16,133	16,195	12,600

(*) To be changed depending on the amount that the revenue resource funds

5.11 One particular aspect of the funding proposals is the level of capital expenditure being funded by capital receipts. This is of course due to the proactive stance taken by the Council in agreeing its asset strategy which included substantial asset disposals which now allows us to invest in the Council's key assets.

6 BALANCES

6.1 As noted in the December report, it is anticipated that we will have balances of about £8m at the end of this financial year, representing about 2.3% of the Council's gross revenue expenditure.

6.2 I noted at the time that due to the stormy circumstances we will be facing in the coming years, it is appropriate to keep sums in reserve in order to deal with any problems that could arise.

6.3 Nothing has happened in the meantime to change this opinion.

7 COUNCIL TAX

7.1 The Committee needs to consider whether it is satisfied with the construction of the budget and the future plans and assuming it is satisfied with the general direction of the strategy, this would lead to a budget for each service in 2012/13 as noted in Appendix 1.

7.2 The proposed budget leads to an increase in the Social Services budget of 2.3%; an increase of 1.2% in the schools budget (not including the additional grant they will receive and with the delegated schools budget increasing by 1.6%) with the remaining services facing an average **reduction** of 0.6%. On the face of it, this might not seem too bad but if inflation is taken into account, the true situation for the remaining services for example amounts to a real terms reduction of over 5%.

7.3 The remaining decision is then to establish the actual Council Tax level for 2012/13.

- 7.4 In the assumptions made above, a figure of 3.9% was assumed in accordance with the highest limit given by the Scrutiny Committee and Board in December.
- 7.5 3.9% would mean an increase in Council Tax of £38.93 on property in Band D or 75p per week. [The tax charged by the Community Councils and the Police Authority would of course be in addition to this]. A little over 19% of properties in Gwynedd receive some element of support towards their council tax, and 60% of Gwynedd's properties are in bands lower than Band D.
- 7.6 For the Committee's information, the table below notes how many properties pay Council Tax in every Band and how many receive assistance through council tax benefit to pay those bills -

Table 4
Number of properties where Council Tax is payable that receive benefit

	Number getting bills	Number getting element of benefit	Number getting full benefit
Band A	8,328	735	2,019
Band B	14,727	1,504	2,821
Band C	11,567	846	1,341
Band D	9,926	337	601
Band E	7,807	232	341
Band F	3,793	67	85
Band G	1,214	7	12
Band H	173	1	2
Band I	72	-	1
Total	57,607	3,729	7,223

- 7.7 We do not yet know what the average increase will be across Wales but the latest information I have is that the greatest majority will be increasing less than 3% with the average likely to be around 2.5%.
- 7.8 An increase of 3.9% generates about £1.93m (with every 0.1% generating £49,560).
- 7.9 The equation is of course a simple one - for every 0.1% **lower** than 3.9% we set the Council Tax then, if all the assumptions for the coming years are correct, then we will be adding £49,560 to the required savings.
- 7.10 Coming down to a Council Tax of 3.5% would therefore mean adding £198,240 to the total savings that we require.
- 7.11 The decision between maintaining services and lowering taxation is of course a difficult one and it's a matter for the Committee to consider the appropriate balance and arrive at a decision that they feel appropriate.

8 EQUALITY IMPACT ASSESSMENT

8.1 The budget outlined above endeavours to try and continue to achieve appropriate outcomes for all of our citizens, but as the increase in our income is insufficient to meet inflation costs even, we must find savings.

8.2 The greatest risk in terms of having a disproportionate effect upon those with protected characteristics is in the area of savings. The Equality and Human Rights Commission have already identified this risk and have reminded local authorities of their duty to assess the effect of their financial decisions.

8.3 Gwynedd Council published a report on this issue in 2011, which is available on the Council's website at the address given below and we shall report again on this issue this year.

http://www.gwynedd.gov.uk/upload/public/attachments/1092/Equality_impact_assessment_on_financial_decisions.pdf

8.4 We will continue to develop our arrangements for assessing the equality impact of our financial decisions in conjunction with the Equality and Human Rights Commission and other local authorities, by sharing good practice and identifying effective steps which can be taken in future.

8.5 We have clear processes for finding any savings we may need which includes making a full assessment of savings which could have a detrimental impact in equality terms. These assessments are reported when we report on the savings packages.

8.6 However the budget does not just try and meet inflation costs, it also tries to ensure that unavoidable financial pressures being placed on services due for example to greater demands being placed upon them due to increasing numbers of clients and so on.

8.7 Each service has the right to submit a request for additional funding if it considers that it is required to ensure that the service continues and these sums can be seen under the "Service Pressures" heading. The sums seen there are also a recognition that we must ensure sufficient funding to ensure that our financial arrangements do not have a detrimental impact on the level of service provided.

8.8 Full details are available in the Head of Strategy and Improvement's report and of the £1.7m provided under this heading, £1m of this amount is allocated to the area of social care in addition to the £180,000 of demography funding provided in order to recognise the increasing number of those with learning disabilities requiring care.

9. DECISIONS TO BE CONSIDERED BY THE BOARD

- 9.1 The Board needs to make decisions on the following :-
- a. Taking into account the budget noted in part 2 of this report and the additional comments made regarding financial risks and the steps taken to mitigate against those risks, is the Board satisfied with the expenditure plans, and how we intend to ensure a balanced budget in 2012/13 and does it commend that budget to the Council ?
 - b. Does the Board approve the capital programme shown in part 5 of this report and agree to amend the figure for Highways in accordance with what the revenue amount will allow us to borrow and commend it to the Council ?
 - c. What is the Board's opinion in relation to the level of Council Tax that should be charged in 2012/13?
 - ch Does the Board wish to make any observation on the challenging position we are likely to face taking into account the dark financial climate with which we will be faced for at least a further two years.

2012/13 Budgetary Changes by Service

DEPARTMENTS	Base Budget 2011/12 £'000	Transfer to Settlement £'000	Inflation £'000	Pay Increments and Pensions £'000	Precepts Interest and Borrowing Costs £'000	Adjustments To Income Budget £'000	Misc. £'000	Other Adjustments £'000	Bids and demography £'000	Savings £'000	Base Budget 2012/13 £'000
Leadership Group	738	0	19	2	0	0	(1)	29	0	(13)	774
Strategy and Improvement	2,974	0	73	5	0	0	0	(96)	0	(110)	2,846
Finance	3,696	0	141	36	0	0	86	0	44	(58)	3,945
Democracy and Legal	3,266	0	65	1	0	0	(16)	0	157	(133)	3,340
Customer Care	6,597	(31)	266	5	0	0	(18)	(73)	0	(243)	6,503
Human Resources	3,029	0	71	(9)	0	0	5	50	13	(103)	3,056
Trunk Roads	(91)	0	0	0	0	0	0	0	0	0	(91)
Highways and Municipal	22,625	0	1,265	144	0	0	(163)	(350)	144	(1,329)	22,336
Regulatory (Planning, Transport etc)	6,796	0	483	18	0	115	14	(39)	83	(512)	6,958
Gwynedd Consultancy	277	0	95	19	0	130	5	27	0	(123)	430
Central Education	16,532	0	435	7	0	0	(114)	48	250	(730)	16,428
Schools Budget	64,196	0	1,043	136	0	0	(151)	(142)	25	(135)	64,972
Economy and Community	3,814	0	69	19	0	155	60	(501)	100	(149)	3,567
Social Services	52,942	27	1,608	33	0	0	(124)	24	1,263	(1,597)	54,176
Housing	1,649	0	44	15	0	0	(12)	(75)	0	(26)	1,595
Provider Services and Leisure	1,747	0	178	71	0	0	(143)	(154)	0	(182)	1,517
Total Departments	190,787	(4)	5,855	502	0	400	(572)	(1,252)	2,079	(5,443)	192,352
Corporate and Capital Items	27,141	0	(641)	0	(51)	(66)	244	1,152	515	(1,124)	27,170
GROSS TOTAL =	217,928	(4)	5,214	502	(51)	334	(328)	(100)	2,594	(6,567)	219,522
Balances and Earmarked Reserves	(402)	0	0	0	0	0	138	100	0	0	(164)
NET TOTAL =	217,526	(4)	5,214	502	(51)	334	(190)	0	2,594	(6,567)	219,358

Figures behind the projected deficit from 2013/14 onwards

	2013/14	2014/15
Workforce Pay except teachers	3.5	3.6
Teachers pay	1.0	1.7
Charges	1.9	1.6
Landfill Tax	0.3	-
Pensions	0.4	-
Pay increments	0.4	0.4
Precepts	0.1	0.3
Capital Borrowing costs	(0.2)	(0.2)
Interest on balances	-	-
Demography	0.9	0.5
Various others	-	-
Pressure on services	2.8	3.0
Additional capital (schools etc.)	0.2	0.2
Transfers	-	-
Lost (increase) in Assembly Grant	(1.7)	(0.5)
Total deficit	9.6	10.6

Key assumptions

	2013/14	2014/15
Workforce Pay except Teachers	3%	3%
Teachers Pay	3% from September 2013	3%
Charges	3%	2.5%
Landfill Tax	£8 per tonne	2.5%
Pensions	0.5% on employers contribution	-
Pay increments	Historical increase	Historical increase
Precepts	Equivalent grant increase	Equivalent grant increase
Capital borrowing costs	True projection	True projection
Interest on Balances	True projection	True projection
Demography	True projection	True projection
Various others	-	-
Pressure on services	Historical increase	Historical increase
Additional capital (schools etc)	Asset Strategy	Asset Strategy
Transfers	-	-
Lost (increase) in Assembly Grant	Government projection	Government projection

CAPITAL PROGRAMME FOR 2012/13 - 2014/15

£'000	2012/13	2013/14	2014/15
Property repairs and maintenance (dealing with the backlog and avoiding further backlog)	4,353	4,779	4,319
Fire and Asbestos Work	496	593	476
Schools Organisation	3,657	2,173	
Botwnnog Science Laboratories	300		
Remove 6 temporary classes Brynrefail		550	
Road Maintenance (Borrowing Plan)	3,465	3,465	3,465
Street Lighting	50	50	50
Safety Fences on Roads			110
Dealing with water on roads	100	100	100
Playing Fields	35	35	35
Council's Waste Strategy	540	500	250
Renewing Vehicles	343	482	383
Transportation feasibility schemes	100	100	100
Cycle routes	20	20	20
Installation of medic baths a sluices	100	100	
Renew Information Technology	153	348	592
One Stop Shops and meeting rooms	151		
Improve Traffic management - Frondeg	30		
Electronic system for keeping documents and records		422	224
Housing Grants	2,000	2,000	2,000
Carbon Management		400	200
To be distributed	240	78	276
Total	16,133	16,195	12,600

A. Views of the Local Member:

Not a local issue.

B. The View of the Statutory Officers:

1. Chief Executive:

The report shows that the financial planning work we have hitherto carried out has set a firm and prudent foundation. However as paragraphs 4.7 and 4.8 note, the Chancellor's recent statement has highlighted the fact that there will be constraints on public finances for at least a further two years. As a result, the prognosis for having to cut services has worsened. In turn, this means that the decisions we make today are even more important as we must consider them not in the light of the situation up until 2014/15, but at least for a further two years thereafter. We must therefore strengthen our business attitude and ask hard questions about the way we invest public money in all of our operations.

2. Monitoring Officer:

Nothing to add in terms of propriety.

3. Chief Finance Officer:

These observations form the Chief Finance Officer's report on the "robustness of estimates" and "adequacy of financial reserves" in accordance with s.25 of the Local Government Act 2003. The Council shall have regard to this, and associated risks identified by the Chief Finance Officer, when determining the annual budget and level of Council Tax.

I have been involved in relevant discussions as the Corporate Director devised this financial strategy, and I can confirm the reasonableness of the forecasts contained in his report regarding the Council's spending needs for 2012/13 and beyond. Inevitably, there is some uncertainty regarding factors such as probable inflation and delivery of planned savings, but I believe that the assumptions in the Corporate Director's report are fair and that those assumptions produce financial figures with a measured and acceptable level of risk.

In order to mitigate the risk associated with the financial strategy in 2011/12, Portfolio Leaders, Heads of Department, service managers and accountants responsible for the Council's budgets have generally acted with discipline and diligence to manage expenditure and secure income. Such conscientious financial management will be required again in 2012/13.

Adherence to the medium term financial plan to meet the £37m savings target over the four years from 2011/12 to 2014/15 will put Gwynedd in a robust position to plan ahead, but there is danger that further real terms grant cuts must be dealt with in 2015/16 and 2016/17. Hence, we must be careful to safeguard the Council's general balances in 2012/13. I am convinced that what is recommended here, i.e. to uphold the current £8m level of balances (alongside adequate specific reserves), is prudent if the Council is planning ahead appropriately for the continuing national / global period of austerity.