

CABINET REPORT

18 July 2017

Cabinet Member : Cllr Peredur Jenkins

Subject: Forward planning in order to be in a position to find the necessary savings from 2018/19 onwards.

Contact Officer: Dilwyn Williams, Chief Executive

Required decision

To adopt the process outlined in Appendix 1 in order to plan for any further savings required from 2019/20 onwards.

Background

1. We will not be given the details of the Council's financial settlement for 2018/19 from the Welsh Government until the late autumn and there is a doubt as to whether even then we will be given details for any period beyond that year. Neither do we currently know what key figures such as pay inflation will be until later in the year, as there is currently a debate around whether the public sector pay cap will be loosened.
2. Whilst the budgetary figures contained for the Welsh Government in the Chancellor's budget documents suggest that they will get a small increase in their cash budget, we do not know whether the Welsh Government intend to pass that increase on to local authorities. Indeed, the sounding coming out of Cardiff suggest that local government will not be a priority as we are being warned to plan for further cuts.
3. In accordance with the Council's usual arrangements, as the savings generated by the previous savings regime come to an end next year, we will need to start planning for any additional savings we will need in 2018/19, and any savings required for the period beyond then (from 2019/20 onwards).
4. The Head of Finance has undertaken a comprehensive analysis for the purposes of internal planning which outlines a series of potential outcomes for the three years to come, based on the information currently available and experience of what has happened in the past.
5. This has generated over 46,600 different scenarios.
6. On the basis of this projection work, unless something really unusual happens, even with the most optimistic projection, we will require further savings over the next 3 years.

7. Taking the most pessimistic scenarios into account, those savings could be very significant.
8. As the slide shown to members in the induction meeting shows, we have achieved £31m of savings over the last 4 years which is on top of the £31m we had to find in the previous 8 years. (copy attached)
9. The task of finding any further savings therefore is likely to be more difficult from now on.
10. This report discusses the options for finding those savings.

Options

11. The Cabinet will be aware of the process we went through the last time we embarked on a savings planning regime in December 2014 – which involved asking departments to identify the opportunities for efficiency savings with the Cabinet setting an appropriate target for each department according to the opportunities available.
12. As this regime did not deliver the required level of savings, we had to resort to find service cuts by identifying the possibilities and consulting the public on which options they would wish us to retain.
13. This led to the placing of all options in one of 10 “buckets” in order of priority and we implemented nearly £5m of service cuts by utilising buckets 1-4.
14. **One option would be to repeat this arrangement in relation to efficiency savings and then to rely upon buckets 5-10 if we need further cuts.**
15. On the basis that 1% of efficiency savings generates £1.3m (not including Education - £2.1m if education is included), over 3 years this could generate a maximum of £6.3m.
16. There are around £7.4m of savings left in buckets 5-10, and savings worth £4.7m are being planned to meet a possible financial deficiency in 2018/19.
17. This would give a total of £18.4m over the three years which would be sufficient to meet a number of the scenarios run by the Head of Finance, but certainly not the most extreme ones.
18. However we must be aware of the fact that a number of the plans in buckets 5-10 are extremely undesirable and we must ask whether there are other options.

19. It must also be borne in mind that it was the previous Council which went through this prioritisation process and that a number of the current members were not members of the Council at that time.
20. One of the difficulties at that time also was the rather artificial boundary created between efficiency savings and service cuts and the fact that it could be a grey area at times.
21. Whilst doing so has ensured that we look at efficiency savings first of all before moving to service cuts, by now we can take it for granted that a number of any “efficiency” savings will look like cuts to the public.
22. **There is an argument therefore for another option which would allow us to consider an array of possibilities across all of the Council’s services and the effect of those possibilities on Gwynedd’s residents.**
23. One way of doing this would be to look at each service’s budget; what is being achieved with that budget and considering what options exist in relation to fundamental change in those services.
24. Such an arrangement would identify whether efficiency opportunities were higher in some departments than others, and would allow a comparison to be made so as to assess one potential saving over another (whether it be an efficiency saving or a cut).
25. If it were done in an inclusive manner we could ensure that all Council members played a meaningful role in the difficult decisions ahead of us.
26. The diagram given in Appendix 1 gives a skeleton of such a regime. In accordance with the wish to ensure more pre scrutiny, the suggested regime involves the Scrutiny Committees from the outset, and includes the public and all members in the prioritisation process.
27. The problem with such an arrangement is that it will take time to implement and its product will not be available for the next financial year (2018/19).
28. However, the Head of Finance is confident that the savings already in the system should be sufficient to carry us through the 2018/19 financial year and that we could rely on balances if the situation turns out worse than the savings we already have in the system.

Recommendation

29. That the Cabinet approves the arrangements noted in Appendix 1 in order to plan for further savings from 2019/20 onwards.

APPENDIX 1

Proposed regime for finding savings from 2019/20 onwards.

Set a target of 3%, 6% and 20% for each department as a benchmark

A workshop for the appropriate Scrutiny Committee and Cabinet along with the Corporate Directors to receive presentations by Departmental Senior Managers showing what their services do for the people of Gwynedd; the measures which prove how well they perform and the resource utilised to do so.

At the end of the presentations – the Head of Service to present proposals on how they would go about meeting reductions of the magnitude noted in the benchmark with the least possible effect on the people of Gwynedd.



Scrutiny Committee to come to a conclusion on the Head of Service's proposals and to pursue any alternative options



Cabinet to consider the Scrutiny Committee's findings and pursue any other considerations consistent with their statutory role.



Cabinet to approve a document outlining all possible options available for consultation



Consult the public on the options (following the Her Gwynedd model)

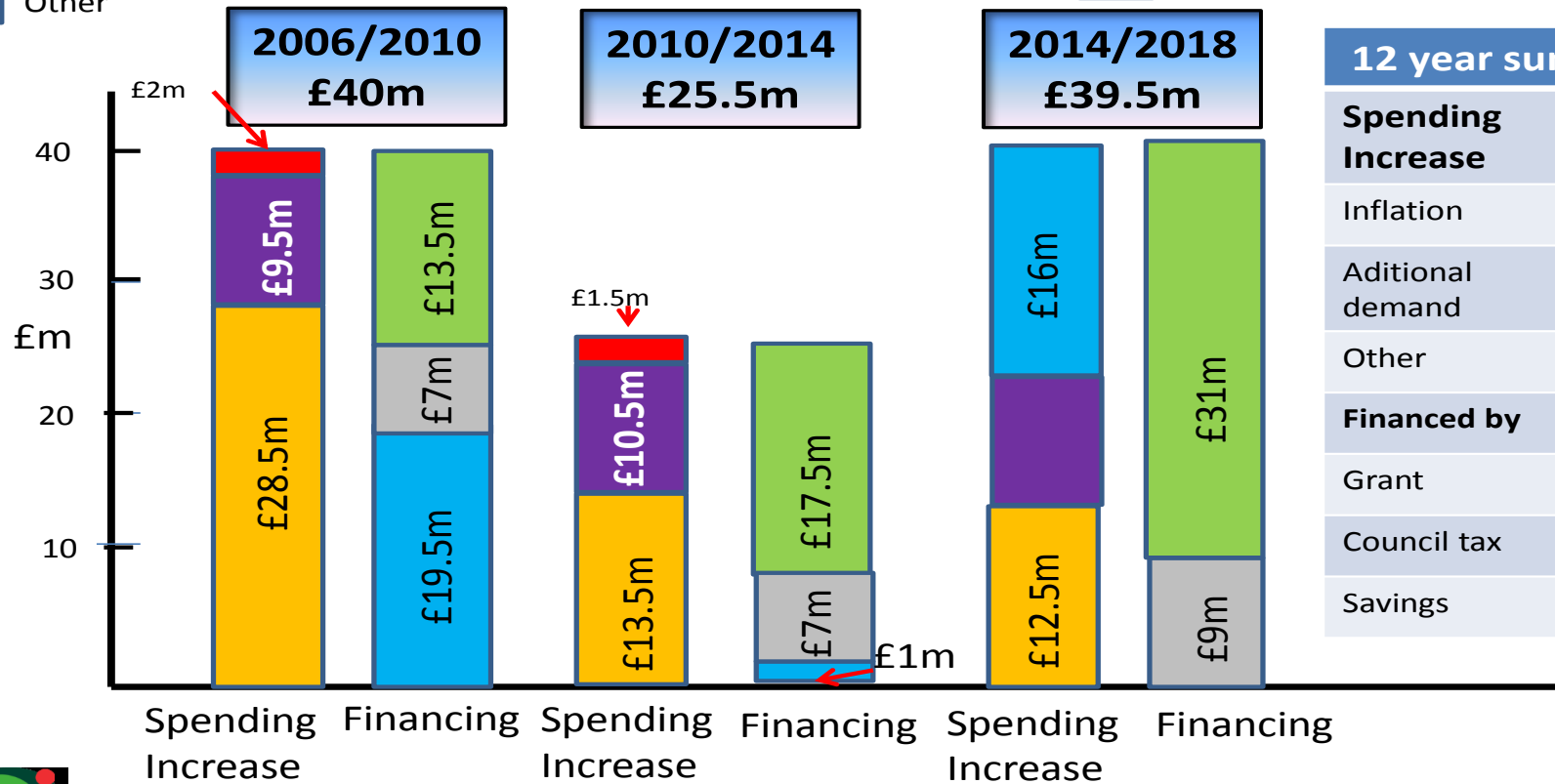


Workshop of all Councillors to input into the prioritisation process once the public consultation is complete.



Cabinet / Council to decide on savings to be implemented as part of the 2019/20 financial strategy.

Financial History



12 year summary	
Spending Increase	£m
Inflation	54.5
Additional demand	31.0
Other	3.5
Financed by	
Grant	4.5
Council tax	23.0
Savings	62.0



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Views of the Statutory Officers**Monitoring Officer:**

No observations in terms of financial propriety

Head of Finance:

I have worked with the Cabinet Member and Chief Executive to prepare the medium term financial projections for this report. I confirm that we need to plan the way forward now, in order to find any savings which the Council will require from 2019/20 onwards.
