

# GWYNEDD COUNCIL CABINET



## Report to a meeting of the Cabinet

<b>Date of Meeting:</b>	<b>18 December 2018</b>
<b>Cabinet Member</b>	<b>Councillor Peredur Jenkins, Cabinet Member for Finance</b>
<b>Contact Officer:</b>	<b>Dilwyn Williams, Chief Executive</b>
<b>Title of the item:</b>	<b>Dealing with the funding gap</b>

### **Decision sought**

That, subject to consultation, the Cabinet adopts the schemes noted in appendices 1 to 6 as the ones which we will have to fulfil if we are to ensure a balanced budget, but that we consult upon appendices 3 to 6 during January (as the schemes which have an effect upon our citizens).

### **Background**

1. Since the beginning of summer the Cabinet Members, Directors and Heads of Service have been considering what we could do if we had to deal with a funding gap in 2019/20.
2. As the cabinet members will know, we started by asking each department to note how they would find savings amounting to 20% of their budget if they had to do so.
3. This obviously made each Department look in every nook and cranny for possible savings.
4. However members will also know that some of the choices which were put forward were so unpalatable that a line way below 20% had to be drawn in every instance. Having said as much, we succeeded in creating a range of possibilities with some proposals having a greater effect on the people of Gwynedd than others.

5. In the meantime, we also consulted Gwynedd's residents to establish of all the things that Gwynedd Council does for its citizens what were the most important things for them.
6. The public consultation was undertaken over an 8 week period between the 10 September and 4 November 2018.
7. There was an opportunity for residents and organisations to take part by completing an online or paper questionnaire, by attending one of 10 public meetings arranged across the county or by submitting written observations.
8. In addition, a series of focus groups and drop-in sessions were held to establish the opinions of key sectors or groups including young people, the elderly, disabled people and the business sector.
9. Over the consultation period 2,478 people from Gwynedd and 38 establishments and local businesses completed the questionnaire. 213 individuals attended one of the public meetings, focus groups or drop-in sessions.
10. The report which summarises the result of the consultation can be seen in the report "Which services are important to you?" attached to this report.
11. The report of the results includes :
  - An overview of respondents by gender, age, language and disability (page 11-13)
  - The survey result in full (page 15-18)
  - The survey results for the 10 well-being areas (page 19)
  - A comparison of the results from the well-being areas and the various gender, age, language, and disability groups (page 20)
  - Key messages from the public meetings (page 26)
  - Key messages from the meetings with the groups with protected characteristics (pages 27-31)
  - Key messages received from businesses and other organisations (page 32).

### **Financial context**

12. The Head of Finance is continuing to prepare a balanced budget for 2019/20 and an opportunity has been given to all elected members to attend one of four workshops convened during the week commencing 3 December in order to obtain an understanding of the current position.

13. In these workshops, the disappointing settlement we have received from the Welsh Government has been explained with the grant given to local government staying cash flat; and that at a time when we are experiencing a significant increase in costs due to wage inflation and inflation on areas such as energy costs; and substantial pressures due to demand pressures in Education and Care.
14. This means that we will be facing a funding gap which is likely to be around £12.9m.
15. As was explained in the workshops the Head of Finance has been looking at steps which can be taken to reduce this funding gap and in doing so his latest estimate is that the gap can be reduced to around £6.8m.
16. The detail behind all of this and the final position will be reported to the Audit Committee and the Cabinet in February in order to establish the budget and Council Tax to be recommended to the Council for 2019/20.
17. In the meantime we need to consider how we would meet the £6.8m funding gap.
18. This can only be done by finding savings or increasing the Council Tax.

### **Savings**

19. Now that we know the size of the funding gap, the Cabinet Members along with the Chief Executive and the Corporate Directors have considered the range of savings possibilities and divided them into two categories – those which could be implemented and keeping the impact to the minimum possible and another category where the impact on Gwynedd's citizens would be so significant that we would prefer not to have to implement them at the current time.
20. The savings which have the least effect on the people of Gwynedd of course are efficiency savings and especially those which can be implemented in back office functions. However the opportunity for such savings has reduced significantly over the last 10 years as we have already implemented them in order to find the considerable savings we have had to find over that period.
21. Nevertheless the various departments have found further opportunities to achieve further savings by looking at back office arrangements or reducing such budgets and these schemes are noted in Appendix 1.
22. There are also further efficiency savings which can be made by finding different ways of delivering services and these are noted in Appendix 2.

23. Opportunities have also been identified to achieve savings by investing and these are noted in Appendix 3.
24. After that, there are other services where we need to consider the income generation opportunities which exist in order to protect essential Council services and these appear in Appendix 4.
25. In the end however, we will have to find savings in areas which are going to have an impact on the people of Gwynedd and that impact will vary from scheme to scheme.
26. The best way to ensure that the impact is as minimal as possible would be to try and ask other organisations to take responsibility for continuing those functions, and there are two schemes which fall into that category and they appear in Appendix 5.
27. Appendix 6 then notes those schemes which we can implement but accepting that there will be an impact on our people but noting that these are the schemes which will have the least effect upon them.
28. It is important to note that these schemes have also been formulated having taken into account the conclusions of the public consultation.
29. Ensuring a quality education, substantial aspects of the care services; and two aspects of our municipal services (waste collection and recycling along with the recycling centres) appeared in the 10 most important areas for the people of Gwynedd.
30. That said, it can be seen that everything we do is important to someone. Even for the service which came out as the least important overall, it can be seen from page 17 of the report that around 100 respondents noted that it was one of the most important services for them.
31. As the Care and Education functions account for 62% of the Council's spending, it is impossible to excuse them from any responsibility to find savings but it can be seen from the appendices that we do not intend to ask schools to contribute to the savings in 2019/20 and the contributions sought from these areas of activity are confined to efficiency savings or savings which have an effect on the margins.
32. In relation to the groups with protected characteristics it can be seen that public transport is an area which is given priority by a number of responses and the listing in the appendices deliberately avoids asking for financial savings in those areas, although we are aware that costs are increasing significantly and the

service will be hard pressed to keep all of the current services in the context of the budget that they have to keep to.

33. It will also be noted that the business sector naturally take a different perspective to the people of Gwynedd, and note that many area associated with business support are the things which are most important to them. In formulating the proposals we have tried to limit such savings to the least detrimental reductions. The protection we have managed to apply to this area of activity will mean a higher Council Tax than we would otherwise wish to see but it is important that we continue to support this vital area of activity.

### Conclusions and recommendations

34. The proposals noted in the appendices generate the following savings in 2019/20. A number of schemes also generate savings in future years which will enable us to start planning ahead -

		£
Appendix 1	Back office efficiency	1,278,320
Appendix 2	Further efficiencies	269,370
Appendix 3	Invest to Save	21,500
Appendix 4	Increasing income	481,590
Appendix 5	Cease activity but ask others to take responsibility (saving realised in future years)	-
Appendix 6	Savings which will have an impact (to varying extents)	406,490
	<b>2019/20 Total</b>	<b>2,457,270</b>

35. Considering that we have a likely funding gap of £6.8m the savings noted above only generate £2.5m towards that gap and as we explained in the workshops that is due to the fact that it takes time to implement these schemes.

36. There are other ideas in hand which could increase the extent of efficiency savings which could be generated but where those ideas are not sufficiently advanced to

be able to note in the proposals. By February however, we will be able to include some of those ideas which will bring the gap down further.

37. If we were able to find a further £0.5m say which in my view ought to be possible, this would bring the funding gap down to £3.8m. This would equate to a council tax increase of around 5.5%.
38. The only way of reducing this further would be to include further savings with an impact significantly greater than those noted in appendices 1-6 into play.
39. In February, when the situation is firmer and before the Cabinet has to make its final determination, we will convene a workshop of all Council members to be able to consider the level of council tax increase; the views expressed by the public in the consultation on the possible savings and the need to bring in some of the savings with greater impact into the equation.
40. In the light of all of this therefore **it is recommended** that, subject to consultation, the Cabinet adopts the schemes noted in appendices 1 to 6 as the ones which we will have to fulfil if we are to ensure a balanced budget, but that we consult upon appendices 3 to 6 during January (as the schemes which have an effect upon our citizens). We can then consider the results of that consultation in February (in the workshop and Cabinet) before coming to a final decision on the savings list to be approved for 2019/20 and beyond. We can also at that time consider the level of council tax increase which will be necessary

### **Well-being of Future Generations Act (Wales) 2015**

41. The act places a duty on public bodies to improve the economic, social, environmental and cultural well-being. As part of this duty, the Council has published its well-being objectives noting how it intended to improve well-being in the "Gwynedd Plan 2018-2023". In preparing this proposed list of savings, the schemes therein try to ensure sustainable services for the future. This has encompassed the five ways of working identified in the act. These are continuous considerations and the responses to the public consultation will feed into the process of establishing the final list fulfilling the requirements of the act.

### **The Equality Act 2010**

42. Before reaching a decision we have a duty to consider the possible effect of these schemes on those with characteristics protected under the equalities legislation (Equality Act 2010). This is done by undertaking an equality assessment on the proposals. Each scheme has been considered in this context and where necessary

and an initial equality impact assessment undertaken in submitting the scheme forward. In accordance with the Act's requirements in relation to engagement the consultation process will give specific attention to equality issues and the collection of information in order to establish a comprehensive assessment which will be considered when making a final determination.

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## **Statutory Officers' Observations**

### **Monitoring Officer**

The range of savings which is under consideration and their management and statutory context are set out in the report and appendices as well as identifying possible impacts which will need to be addressed further. I note that the primary aim of this step is to move to a period of consultation on the proposed plans. This is appropriate and also meets statutory aspects including the duties which are noted in the report. Of course this is part of a process of taking the relevant plans forward for final consideration which will form the basis for the Cabinet recommending a budget to the Full Council on establishing the Budget. I am satisfied that these steps provide an appropriate pathway at this stage.

### **Head of Finance**

I have worked with the author to prepare the financial information, and I confirm that parts 12-18 of the report reflect the latest position for the 2019/20 budget. Council members have received details of the financial pressures in the four workshops on 4-7 December.