

GWYNEDD COUNCIL CABINET



Report for a meeting of the Cabinet

Date of meeting:	2 April 2019
Cabinet Member :	Councillor Ioan Thomas, Cabinet Member for Finance
Contact Officer:	Dilwyn Williams, Chief Executive
Report Title:	Further Efficiency Savings2019-20

Decision sought

To utilise £1,666,560 of the Transformation Fund to repay the loan used to carry out the LED lamps saving scheme and to bridge the phased nature of the scheme and take the whole of the £184,500 saving into account in 2019/20.

Background

1. The Council's financial strategy is based on being able to find a series of savings which then entails raising Council Tax by 5.8%.
2. However, in order to contain the Council Tax rise to that level, we have also assumed that we will be able to find £500,000 of further efficiency savings.
3. I have already noted that some savings may arise from the management review but we will not know how much until we have concluded the process. I have doubts that it will achieve all of the required £500,000.
4. One way of finding further efficiency savings is to change the way we repay the loan for the Highways Department's savings scheme which entails changing street lamps to LED lights.
5. The current intention is to take a Salix loan to fund this work and to repay the loan from the savings which will be achieved. As there is a difference in the savings which will be achieved and the annual repayment profile, £45,900 can be achieved next year due to this difference, but the saving will increase substantially to £184,500 in 2032/33 when we will have repaid the loan.
6. However if we were to utilise the Transformation Fund to repay the loan, we could take the whole of the £184,500 saving into account in 2019/20.

7. To all intents and purposes we would be sacrificing around £1.67m of the Transformation Fund over time in order to “bring forward” further efficiency savings in 2019/20 rather than wait until 2032/33 for them.
8. We would of course continue to receive interest on the part of the Transformation Fund until the loan was repaid.
9. As the scheme is due to be phased over three years the amount required will also be used to bridge the phasing period in order to be able to take the saving into account from 1 April 2019/20. £1.39m is the amount required to repay the loan and £0.28m the amount required to bridge the implementation period.
10. **It is therefore recommended** that we utilise £1,666,560 of the Transformation Fund to repay the loan used to carry out the LED lamps saving scheme and to bridge the phased nature of the scheme, and take the whole of the £184,500 saving into account in 2019/20.

Views of the Statutory Officers:

Monitoring Officer

No comments in terms of propriety.

Head of Finance

I have co-operated with the author in preparation of this report. I confirm the accuracy of the figures and support the decision sought.