

CYNGOR GWYNEDD CABINET

Date of meeting:	14th February 2023
Relevant Cabinet Member:	Councillor Dyfrig Siencyn
Contact Officer:	Dafydd Gibbard – Chief Executive
Item title:	Savings Plan 2023/24 – 2024/25

The Decision Sought

The Cabinet is asked to:

- a) Approve the efficiency savings in Appendix A (£6.4M) as the first phase of savings that can be used as a contribution towards our financial gap in 2023/24 – 2024/25.
- b) Commission further work to establish the next phase of savings and cuts (approximately £1.6M - £2.2M) before setting the 2024/25 budget.
- c) Make a provision of £1.6M to address the level of risk involved in realising the efficiency savings plan
- d) Delegate the right to the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Finance, to make adjustments to this Savings Plan as the maturity of the plans listed in Appendix A develops, within the financial totals specified below.

Background

1. The current exceptional levels of inflation, and in particular the effect on wages and energy costs, together with the significant increase in demand for certain services such as homelessness due to the national housing crisis, means that the Council's costs have increased significantly in a short period of time.
2. Neither the forecasts for the level of inflation, nor our work to estimate the demand for services, give us room to hope that things will improve in the short term.
3. We now know what the level of our Revenue Support Grant will be from the Welsh Government for 2023/24 (an increase of 7%, so considerably below the level of inflation) and have received an estimate of the Grant for 2024/25 (3% is the likely national average) which is likely to be considerably lower than what we will need to maintain services.

4. We are also facing a situation where some departments are overspending, mainly due to an inability to achieve past savings plans and a continued increase in demand.
5. Following detailed consideration of the above factors, unless there is a significant change before announcing the Local Government settlement for 2024/25, we are able to calculate that our financial gap for the next two years will be £12M.
6. The Head of Finance will present a report to the Cabinet at the same meeting as this report, which will outline how we want to cope with the impact of this gap when setting our budget for 2023/24. The budget will include the need to increase Council tax, reduce school budgets and change our loan repayment policy. It will also include the need to achieve savings in budgets across the Council and the purpose of this report is to outline how we have gone about finding these savings and securing Cabinet approval to implement them, not only in order to be able to set the 2023/24 budget but also the following year's budget.
7. Members will already be aware that national inflation levels and the pressure on our homelessness services have risen very quickly during the current financial year which has led to an overspend this year of around £7M. As there was no opportunity to plan in advance at all for this gap, we will have to use reserve funds to cope with the situation.
8. Similarly, we have also not had a reasonable preparation period for trying to find savings to be able to cope with the impact of all this on our budget in 2023/24 and therefore we have had to proceed much more quickly than we would have wish to establish a Savings Plan as one way to contribute towards our financial gap.
9. We started the work of establishing a viable plan at the beginning of November by asking each Head of Department to submit proposals within their areas of work that would lead to financial savings or cuts. An instruction was given that each service unit would need to submit proposals equivalent to 20% of their core budget so that Cabinet Members could set about prioritising everything and trying to identify the proposals that have the least impact on the residents of Gwynedd.
10. 320 proposals were submitted with a total value of approximately £23M. Each of these was assessed either by me or by one of the Directors placing each scheme in the following categories in order to help the Members to prioritise with an awareness of what the risk level would be in implementing any individual proposal.

Efficiency Saving	No longer a need for the budget, or the service is to be delivered in a different way with no substantive impact on Gwynedd residents
Efficiency Saving	Service continues, but the public will see a service delivered in a different way to what they are used to seeing (increasing fees here too)
Cut	The service is still being provided but more slowly, to a lower standard or on a smaller scale than what

	the public is used to receiving. Low risk of harm to individuals in some areas.
Cut	The service ends with clear negative implications for Gwynedd residents, including a high risk of harm to individuals in some areas.

11. A high-level financial and legal assessment was carried out on each proposal to ensure that they were plans that could be carried out.
12. When presenting their proposals, the Departments included an assessment of the impact of each proposal on the residents of Gwynedd together with an initial consideration of equality considerations. Each Head of Department was also asked to prioritise their proposals identifying those that would have the least impact on their ability to provide services to the residents of Gwynedd.
13. Over a period of three days each Head of Department presented their proposals to workshops of Cabinet Members, Chairs and Vice Chairs of Scrutiny Committees together with the Leaders of the Political Groups in the Council.
14. Throughout this process our main aim was to try to discover proposals that would have the least impact on the residents of Gwynedd if they were implemented. There is a fundamental difference between efficiency savings and cuts, and therefore it is a matter of pride that this process has led to being able to discover approximately £6.4M of efficiency savings that we can implement.
15. There was a broad consensus among the members who took part in the workshops, to decide which schemes should be prioritised. The conclusion was that we could implement approximately £6.4M of the proposals over the next two or three years, in accordance with an estimated profile as follows:

2023/24	2024/25	2025/26
£3.1M	£2.86M	£0.45M

16. In terms of the type of proposals that were prioritised for implementation, a complete list of these can be seen in Appendix A. Broadly they can be placed in the following groups in terms of the type of plan in question:

1	Reducing underspending budgets as a result of a new way of working after the Covid period Travelling costs and printing costs are examples of issues where spending has fallen due to arrangements of hybrid working and meetings being held virtually rather than in person.	£1.2M
2	Efficiencies - adapting working arrangements.	£1.7M

	To achieve savings in these areas we will change the way we approach the delivery of the service and deliver it in a more efficient way.	
3	Agree to requests from other organisations and transfer resources. This will give better control to organisations that are already using these resources.	£40k
4	Bringing some arrangements in-house in a variety of areas This will involve providing some services ourselves rather than using external contractors e.g. Weed control	£0.4M
5	Increasing income This will include increasing the fee for Gwynedd Consultancy services	£0.9M
6	Delete vacancies / reduce staffing budgets in line with the true cost. Some services have coped for long periods without filling back office jobs without affecting their ability to provide services and it is suggested to continue with those arrangements and surrender the budgets.	£0.3M
7	Savings from systems or alternative use of systems Better use of tools and technology to work more efficiently including developing systems and profiling user needs to rationalise software licenses	£0.2M
8	Using alternate sources of funding Maximise the use of grants available to fund jobs and activities without affecting the service.	£0.4M
9	Reducing training budgets in some areas Costs have reduced as a result of new ways of delivering training e.g. e-modules.	£50k
10	Restructuring within service to work more efficiently. Revisit the structures of some services that involve doing things more efficiently.	£0.3M
11	Reduce resources now that demand has changed. Demand on some services has changed over the years, and therefore it is suggested to reduce budgets in line with demand.	£0.2M
12	No inflation on budgets. The budget will continue to be allocated, but will not receive inflation. These budgets historically underspend.	£0.3M
13	Saving as a result of a procurement process e.g. the result of a recent tender being cheaper than the old agreement.	£0.4M
	TOTAL	£6.4M

17. Given that we are facing a gap of £12.4M over the next two years, and following establishing how much of this gap it is reasonable to assume that we can meet in ways other than through savings, we can conclude that the first phase of savings (£6.4M) will be sufficient to meet the need and we will need to revisit the rest of the proposals presented by the departments over the coming months.

18. Based on our financial assumptions today, it is likely that we will be looking for a total of between £8M and £8.6M towards our financial gap of £12.4M. This means that we will need to find between £1.6M and £2.2M of additional savings to those listed in Appendix A before setting the 2024/25 budget. It is likely that this will push us into the territory of cuts rather than the efficiency savings recommended in this report, and more support will be needed from the individual Scrutiny Committees as we face the more difficult challenge of the next phase.
19. However, before reaching any conclusions on the additional savings for 2024/25 we will have time to carry out a full prioritisation exercise with all Council Members and it is intended to complete this exercise over the coming months. Following that a further report on the conclusions of these discussions will be presented to the Cabinet.
20. As I mentioned above, there was a very short period available to carry out this savings plan and a multi-step process had to be compressed into an extremely short period. You must therefore be alert to the fact that there was no time to investigate each plan thoroughly or to create detailed business cases for each plan. The Heads of Department have submitted the best proposals that they could come up with in such a short period of time and a large number of staff have made a significant effort to try to ensure that the proposals before the Members in the Workshops are practical and viable.
21. However, it is not sensible to conclude that all plans will be possible to realise once we move forward with the actions. We also know from past experience that the financial savings in some cases will be less than what we can currently predict.
22. Therefore, in order to plan prudently we need to include a reasonable assumption for risk and therefore I recommend that we designate £1.6M of the £8M-£8.6M that we will need to identify as "at risk".
23. The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The act imposes a well-being duty on public bodies which is aimed at achieving 7 well-being goals which are a Wales that is prosperous, resilient, healthier, more equal with cohesive communities and a vibrant culture where the Welsh language flourishes and which responsible on a global level. The plan was prepared within the principles of the Act.
24. In accordance with the legal duties under the Equality Act 2010 ("The Act") (including Welsh public sector duties) when making decisions the Council must pay due regard to the need to (1) abolish unlawful discrimination (2) promote equal opportunities and (3) fostering good relationships based on the protected characteristics together with paying attention to socio-economic impacts.
25. The implications and impacts were assessed in accordance with duty under the Act when developing and prioritising the proposals. An Equality Impact Assessment has been prepared for the Budget which assesses the impact of the recommended

savings and is attached in Appendix 8 of the Budget 2023/24 report. The nature of the impacts noted are relatively low. It is recognised that some plans involve further actions which will be the subject of specific assessments regarding the way of action. It is intended that these aspects are kept under constant review when progressing to implement the specific plans.

Views of the Statutory Officers:

i. The Monitoring Officer:

The proposed savings plans have been the subject of a detailed assessment process. As noted the nature of the proposals represent efficiency savings which by implication reduces their likely impact. Some are subject to following further legal processes or assessments in order to be realised and this is acknowledged in the risk arrangements. I am content with the propriety of the recommendations. Approval of this savings plan allows the Cabinet to recommend the Budget to the Full Council.

ii. Statutory Finance Officer:

Officers from the Finance Department have collaborated closely with the author of the report, and I can confirm the accuracy of the figures contained therein. Achieving savings to the value noted is essential for setting a balanced budget for 2023/24. I can also confirm that schools will be expected to achieve savings, which are additional to the plans noted in this report.

Appendices:

Appendix A: Savings proposals 2023/24