

2016/17 BUDGET and 2016/17 – 2019/20 FINANCIAL STRATEGY

1 BACKGROUND

- 1.1 This detailed report notes the factors that influence the revenue budget proposed for 2016/17.
- 1.2 In addition, it updates the medium term financial strategy established last year and extends it for the period up to 2019/20 in the face of the continuing difficult financial climate.

2 WELSH GOVERNMENT GRANT

- 2.1 The Welsh Government has announced the draft settlement for 2016/17, but without providing any indicative figures for the following year. The details are noted below in Table 1.

**Table 1
Revenue Support Grant 2015/16 & 2016/17**

	Total Welsh Authorities £'000	Gwynedd Council £'000
2015/16 Government Grant (without amendment)	4,124,709	168,312
2015/16 Government Grant (amended)	4,155,809	169,596
2016/17 Government Grant	4,099,052	166,990
Reduction £	56,757	2,606
Reduction %	1.4%	1.5%

- 2.2 It can be seen from the above table that Gwynedd Council faces a loss of £2.6m grant next year (after amending the 2015/16 figure to reflect the transfer of £1,284k into the settlement) which is a reduction of 1.5%, with the average of the reduction across Wales being 1.4% (a number of factors feed the formula, namely the number of pupils, number of income support claimants, etc).

3 COUNCIL REVENUE EXPENDITURE - 2016/17

- 3.1 Table 2 below shows the increase in the expenditure required in order to “stand still” in 2016/17.

**Table 2
Additional Expenditure Requirements**

	£'000	£'000
Base Budget 2015/16		226,174
National Insurance	2,629	
Salary Inflation	2,222	
Other Inflation	1,936	
Increments / Turnover	-83	
Teachers Pensions	391	
Demography	-192	
Borrowing Costs	-143	
Interest on Balances	59	
Miscellaneous	493	
Adjustments to Services' income budgets	490	
Transfer to the settlement	1,284	
Pressures on services	1,175	
Net total of increase		10,261
Use of Balances in 2015/16		2,019
Total 2016/17 expenditure requirements before savings		238,454

- 3.2 **Base Budget 2015/16** – Although £226m is the net 2015/16 expenditure figure, it is important to note that the Council's true expenditure is £367m as we receive a multitude of specific grants worth £85m and raise nearly £56m for services which we provide.
- 3.3 **National Insurance £2.63m** – From April 2016, there will be a significant increase in National Insurance contributions for all Council staff.
- 3.4 **Salary inflation £2.22m** – Although the employer's offer has not been accepted by the unions, provision has been made for a 1% salary increase for Council staff, with a higher % for some staff on lower grades.
- 3.5 **Other inflation £1.94m** – Net amount which includes provision for the effect of the minimum salary on the costs and fees of our private suppliers, less negative inflation on energy / fuel.
- 3.6 **Increments / Turnover (£83k)** – Net amount which reflects a higher turnover level than the value of salary increments (all Council staff).
- 3.7 **Teachers Pensions £391k** – 5 month effect of the increase in teachers' pension scheme contributions, operational since September 2015.

- 3.8 **Demography (£192k)** – Net amount which reflects -£403k due to a decrease in the number of pupils in Schools, -£53k due to a decrease in the number of cases in the Childrens' Service, +£265k due to an increase in the number of people receiving care by the Adults' Service.
- 3.9 **Borrowing Costs (£143k)** – There will be a reduction in borrowing costs, at the period end of some old loans. At present, no additional borrowing is intended (see the Treasury Management report).
- 3.10 **Interest on Balances £59k** – Projection of a very marginal rise in interest rates before the end of 2016/17.
- 3.11 **Miscellaneous £493k** – Net amount which reflects a number of minor adjustments in precepts and provisions across the Council.
- 3.12 **Adjustments to Services' Income Budgets £490k** – Net amount which has adjusted services' income targets, including -£280k Consultancy and -£275k Highways due to the transfer of staff to the Trunk Roads Agency, and +£110k Regulatory to reflect an increase in parking income, etc.
- 3.13 **Transfer to the settlement £1,284k** – 'Outcome Agreement' specific grant transferring to the settlement, together with relevant expenditure commitments.
- 3.14 **Pressures on Services £1,175k** – Unavoidable 'bids' – refer to **Appendix 1** for details of each individual 'bid'.

It is recommended to approve applications ("bids") worth £1,174,810 by the Council's departments for additional funds to meet the unavoidable pressures on their services.

Every department is invited to identify any expenditure which is required for the Council to continue to ensure the continuation of basic services. ***This heading is not for new developments, but rather for continuation of current basic services.***

Details of the recommendations are given in Appendix 1.

Some of the issues needing consideration are reflected in this year's spending patterns. Others are a result of factors where there is a need to increase the budget in order to protect outcomes to the public, or to meet statutory requirements. There is also an element of central government creating more pressure and expectations and our having to deal with the consequential effects (on top of the reduction in our grant).

These items have been subject to challenge by the Corporate Management Team and the Cabinet Member for Resources before being recommended and approved by the Cabinet.

Also in Appendix 1, it is mentioned that one-off "bids" worth £820,740 need to be approved in order to ensure continuation of service. This can be funded by reviewing specific reserves again in 2016.

- 3.15 Bear in mind that the Council's main priorities (developmental matters in order to make a difference) are being funded and commissioned separately, through the Strategic Plan. What is presented here are unavoidable commitments that the departments are facing now.

- 3.16 **Use of Balances in 2015/16** – A 'one-off' use of £2m from Balances to bridge and avoid budget cuts in 2015/16, is to be faced now and therefore to be added to the 2016/17 gap.

4 SCHOOLS

- 4.1 The Welsh Government have noted that they have protected the Local Government Grant in order to ensure a lower reduction in school budgets compared with other services. The implication presumably is that we would have seen a reduction greater than -1.5% had they not given us this protection.
- 4.2 Our approach towards this has been to continue to plan on the basis of what the Council would wish to do for schools, then measuring that against the Welsh Government's proposals and consider whether there is a need to adjust anything in order to comply with the promise.
- 4.3 The Welsh Government's funding "promise" expects that schools will receive an increase in their budget which is 1% greater than what the Welsh Government itself has received. This rule means that there is a need to ensure that schools receive an increase of +1.85%, which is £1.32m by 2016/17.
- 4.4 What complicates matters is that schools will receive an increase of £1,188,600 for national insurance contributions, an increase of £388,000 for higher pension contributions for teachers, which will contribute towards the 1.8% increase, together with inflation of £704,180 which will, amongst other matters, such as revenue contributions of £1.3m towards the costs of building 21st Century schools / capital costs for schools related to 'organisation', more than satisfy the "promise".
- 4.5 Therefore, it will be possible to secure £2,095,000 of savings from the schools budget in 2016/17 and keep within the limits of the "promise".
- 4.6 Bear in mind also that the schools' budget will face the usual adjustments that arise from changes in pupil numbers, with some schools benefiting and others losing out, together with a significant reduction in grants given direct to schools by the Welsh Government (-5% in the Education Improvement Grant).
- 4.7 Regarding the Financial Strategy and schools' savings targets, the 07/10/2014 Cabinet resolved:
- "To set a savings target of £4.3m for schools to be delivered over the next three years, and that the Cabinet Member for Education be requested to lead a joint piece of work with the Schools Finance Forum to develop the schemes to be implemented in order to deliver this target."
- The Schools Finance Forum, which includes school heads and governors, have achieved this work with the Cabinet Member for Education and the Cabinet Member for Resources.
- 4.8 It has already been decided to profile the £4.3m savings to be implemented - £952k in 2015/16, £2,095k in 2016/17, £990k in 2017/18, and £263k (organisation) in 2018/19.

- 4.9 Further, in a meeting of the Forum on Wednesday 18 November 2015, it was resolved to convey to the Council's Cabinet that the Schools' Budget Forum approve implementing the remainder of the savings target of £3,348,000 as follows by:
- (i) confirming the agreed (specific matters) plans of the Education Finance Working Group in the sum of £1,028,000;
 - (ii) sharing the remainder of the savings target of £2,320,000 in accordance with the option B cut (£1,642,151 – primary sector, and £680,363 – secondary sector) subject to the condition of retaining the total savings of £4.3m fixed for the 3 years until 2018; and
 - (iii) that any further schools organisation savings will contribute towards satisfying the schools savings target after 2018.

In the meeting, appreciation was noted of the compromise from the schools, and the Cabinet Member for Education confirmed that he would lean on the Cabinet to approve recycling the money stemming from any further schools organisation to alleviate further cuts for schools in 2018/19.

5 SUMMARY OF THE POSITION IN 2016/17

- 5.1 It can therefore be seen from the above, that the Council's expenditure requirements (before deducting savings) for 2016/17 are £238.5m (an unavoidable increase of 5.4%) and we will be receiving a grant of £167m from the Welsh Government (a reduction of 1.6%).
- 5.2 Since our assumptions for 2016/17 in February 2015, our figures have been modified for the Welsh Government's more favourable than expected settlement (£2m), which is counterbalanced to some extent by higher expenditure requirements, mainly the minimum living wage, and other factors (£1m).
- 5.3 With an increase of 3.5%, it is expected that the income from Council Tax will be £60m, therefore we are facing a deficit of £11.5m in 2016/17.

6 DEALING WITH THE GAP IN 2016/17

- 6.1 In its medium-term strategy in March 2015, the Council has bought the necessary time to draw up a considered and sensible savings and cuts programme to be implemented as soon as possible.
- 6.2 The 2015/16 budget included one-off use of £2m of the Council's general balances in order to bridge and make time to prioritise inclusively.
- 6.3 Since then, there has been satisfactory progress with the efficiency savings programme, which means that it is possible to call upon £3m of savings which are already in progress in order to meet the financial gap.
- 6.4 We also anticipate that there will be further efficiency savings available in 2016/17 worth £1m, together with the £2m schools saving.
- 6.5 Therefore, taking all the above matters into account, the savings will meet £6.4m of the £11.5m gap arising in 2016/17, leaving £5m to be found should we increase Council Tax by 3.5% (a total of £5.5m with the probable 2017/18 gap).

7 THE COUNCIL TAX

- 7.1 In light of this gap, the key decision which needs to be made in the wake of the above considerations is to establish the exact level of Council Tax to be recommended to the Council for 2016/17.
- 7.2 In the assumptions made in our medium term financial strategy, a figure of 3.5% was used, based on the average increase in Wales, and it appears that the average increase will be around that figure (3.5%) by 2016/17.
- 7.3 The key to all of this is to strike an appropriate balance between the need to spend on services for the most vulnerable in our society, and the appropriate increase to be levied on the residents of Gwynedd.
- 7.4 The 'Cuts' report on this meeting's agenda will discuss the merits of increasing the tax higher than 3.5% by 2016/17 in order to implement some cuts. An increase of 3.5% would produce £2.14m of additional income towards the gap, and this would equate to a Council Tax increase of £40.64 in a Band D property, or 78p a week (the tax raised by the community councils and the Police Authority would of course be additional to this).
- 7.5 Over 18% of households in Gwynedd receive some element of assistance towards their Council Tax, and over 61% of properties in Gwynedd are in bands lower than band D.
- 7.6 Every 0.1% over, or under 3.5% would adjust the financial gap we would need to find by around £57,975. Therefore, 0.5% would mean changing the financial gap by £289,875 whilst 1% would mean changing the financial gap by £579,750.
- 7.7 The increase in Gwynedd's Council Tax, together with the average increase across Wales since 2008/09 is shown below.

Year	Gwynedd	Wales
Total 2008-16	33.1%	29.5%
2015/16	4.5%	4.3%
2014/15	3.9%	4.2%
2013/14	3.5%	3.1%
2012/13	3.5%	1.9%
2011/12	3.9%	3.1%
2010/11	3.9%	3.7%
2009/10	3.9%	3.9%
2008/09	3.8%	3.7%

- 7.8 We do not yet know what the exact average increase across Wales for 2016/17 will be, but the latest information I have is that the average across Wales will be around 3.5%.
- 7.9 The choice between taxation and maintaining services is always difficult, of course, and it is a matter for all members to weigh up and arrive at the balance they consider to be appropriate.
- 7.10 Increasing the Council Tax level by 3.5% would leave a gap of £5m to be found in 2016/17 (£5.5m over 2016/17 – 2017/18). The only way to find this will be to have more savings, and as the Council is already maximising efficiency savings, this balance will have to be found by cutting service budgets in 2016/17.

- 7.11 All of these savings will not be available on 1 April 2016. Therefore, we will need to ensure one-off resources to bridge the period until it is possible to implement the cuts. It is intended to ensure this one-off resource by reviewing specific reserves by July 2016.
- 7.12 Meeting the gap entirely from Council Tax (without cuts) would mean an increase of around 12%, which is obviously above a reasonable threshold.
- 7.13 **Therefore, as a starting point for the discussion in the following 'Cuts' paper, a Council Tax increase of 3.5% is recommended, which would be a weekly increase of 78p, or £40 annually, with a Band D tax of £1,201.71 for 2016/17, together with £5m of cuts (i.e. £5.5m of cuts including 2017/18 and 2016/17).**
- 7.14 The Housing Act (Wales) 2014 has added sections 12A and 12B to the Local Government Finance Act 1992 to include discretionary provision for Councils to raise a "premium" of no more than 100% on long-term empty properties (section 12A) and second homes (section 12B). The earliest that this premium can be raised is from the financial year 2017/18 onwards. The commencement order for this part of the Act came into force on 16 December 2015. The Council must make its first determination to raise a Section 12B "second homes premium" at least one year before the start of the financial year to which it relates. Therefore, if the Council is to raise the premium on second homes from 2017/18 onwards, it would be necessary for the full Council to make a decision – hastily, and possibly without having all the necessary information available – at its meeting on 3 March 2016. The "year's notice" clause is not relevant to long-term empty properties (i.e. section 12A), but in calculating this "empty" period, consideration cannot be given to any period before clause came into force, on 1 April 2016.
- 7.15 Without doubt, the potential for raising a premium of 100% on these properties could attract considerable additional income for the Council. On 31 December 2015, 1,100 homes in Gwynedd had been vacant for 12 months or more, and there were 4,815 second homes paying Council tax and would be eligible to pay the premium.
- 7.16 However, we must be aware that many of these properties would be subject to attempts to avoid paying the additional tax, and there are "exceptions" in the Regulations where the premium cannot be raised. Statutory Guidance issued also encourages the Council to undertake a consultation before making its first determination on whether or not to introduce the premium.
- 7.17 A Scrutiny Inquiry is currently looking into the trend of properties transferring from the Council tax regime to being "self-catering units" (let for holidays) that pay business rates. This tendency could accelerate if the premium is introduced. Therefore, I recommend waiting for a year and not introduce the premium on second homes in Gwynedd in 2017/18, in order to have an opportunity to give due and measured consideration to the outcome of the Scrutiny Inquiry, in order to maintain a meaningful and detailed consultation with those affected (including the local taxpayers), and to allow detailed sensitivity analysis work in order to investigate the true financial consequences that introducing the premium – and its level – would have on the Council's income.

8 BALANCES

- 8.1 We foresee that the Council will have general balances of about £4.4m at the end of this financial year, representing about 1.4% gross revenue expenditure.
- 8.2 We have noted on more than one occasion that due to the turbulent financial environment we are facing in the years ahead, that it is appropriate to keep sums in reserve in order to deal with problems that could arise.
- 8.3 Nothing has happened in the meantime to change this opinion. In fact, in the absence of any statement from the Welsh Government about future grant settlements for local government, the risk has increased. Therefore, the need to ensure that we have appropriate balances to meet any financial shocks is more relevant.
- 8.4 Having used £2m from general balances in 2015/16, in order to give ourselves time to consider and prioritise the cuts inclusively, **it is recommended that we do not use general balances in 2016/17.**
- 8.5 We have a number of specific reserves established by the Council to meet specific expenditure needs. These are, of course, part of the Council's budget, and have received detailed scrutiny during 2015/16. Detailed attention was given to all specific reserves by the Cabinet on 23 June 2015 and the Audit Committee on 30 June 2015, when the Council's Reserves Policy was approved and £4.5m was transferred towards corporate priorities/requirements. A list of all the reserves was attached to the reports at the end of these links:
- <https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?CIid=133&MIid=155&Ver=4>
- <https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?cid=136&mid=211&ver=4>
- 8.6 I review the level of these reserves continually, and it is intended to hold another intensive review by June 2016, to consider how much room there is for the Council to change its priorities within these reserves, by moving any released resources to meet the need for a resource to bridge up to £2m of cuts that are not possible to achieve from April 2016.
- 8.7 In their report "Meeting the Financial Challenges facing Local Authorities in Wales" (issued 27 January 2014) the Wales Audit Office stated (in paragraph 1.8):

"Councils can use reserves to help them to balance their budgets where savings plans do not achieve the expected results or where income is less than anticipated. However, financing recurrent expenditure from reserves would not normally be appropriate. A prudent level of useable reserves is a key element of financial stability; the minimum appropriate level will vary dependent on an authority's known and potential liabilities and its spending plans. There are signs that a few councils are over-relying on general reserves to deal with budget shortfalls, rather than seeking more sustainable approaches, which often involve making unpopular decisions."

8.8 Therefore, financing expenditure from general balances (useable reserves) to deal with the deficit in the budget, should again be avoided in 2016/17. As a result, the backing of department heads and relevant Cabinet members will be required in order to move enough resources from many reserves which have been earmarked for specific departmental use.

9 CAPITAL

9.1 Whilst local authority revenue budgets face constraints, capital budgets are also under pressure, and there are revenue implications for capital expenditure which is not funded by specific grants.

9.2 In the light of the revenue constraints we face and the fact that our Asset Strategy includes a significant element of prudential borrowing (which places pressure on the revenue budget to pay for the borrowing costs), there has been a thorough review of the Asset Strategy.

9.3 As a result, there have been adjustments and changes in the proposed profile for individual schemes. These are detailed in Appendix 2 and a subsequent report notes the proposed changes.

9.4 The programme will be funded as follows:

Table 3
Funding capital programme 2016/17 – 2017/18

	2016/17	2017/18
	£'000	£'000
Capital Requirements	22,141	12,286
To be funded through:		
Capital provision in the settlement	6,637	6,337
School grants/borrowing	7,617	2,886
Capital receipts	230	835
Contribution from revenue	1,072	1,344
Prudential borrowing	6,585	884
Total to be financed	22,141	12,286

9.5 One aspect of the financing proposals is the high level (£22m) of capital expenditure that continues to be funded, compared with the specific support provided in the settlement (£6.6m). This shows the benefit of having a long term programme through the asset strategy which allows us to plan a long term programme and try to maximise the benefit we can obtain within the available resources.

10 A MEDIUM TERM PLAN TO ADDRESS THE FINANCIAL GAP 2016/17 - 2019/20

10.1 For a number of years, whilst establishing its budget, Gwynedd Council has been planning ahead to prepare for what might be on the horizon. This has paid dividends, and in fact this is why we have been able to buy a little time during 2015/16 in order to decide where best to make savings in order to have the least impact on the people of Gwynedd. Not every Council was in a position to do this.

- 10.2 In order to continue on this course, in addition to establishing a budget for 2016/17, an effort has also been made to project the financial situation for the following three years, so that we can set the 2016/17 position in its wider context and plan how we are going to meet the challenges ahead.
- 10.3 The grant figure we will receive from the Welsh Government is the most uncertain figure for 2017/18 onwards. As the grant represents around 75% of the Council's income, obviously this figure is key to the projections. We know from the Chancellor's statement and the statements made by Welsh Government Ministers that there is a challenging future ahead for local government in Wales.
- 10.4 The strategy for the next four years sets out a realistic and prudent picture of what could lie ahead for us, but neither the assumptions used nor the conclusions have changed much since the projections presented to the Cabinet on 24 November 2015.
- 10.5 The table below shows the results of the latest projections, noting those savings which are already being planned and delivered:

Table 4
2016/17 to 2019/20 BUDGET

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Add back use of Balances	2,019			
Additional Expenditure Requirements	10,261	8,220	6,631	7,486
General Grant Reduction	1,322	2,100	3,100	2,900
Increase Council Tax	- 2,141	- 2,220	- 2,302	- 2,387
The Gap	11,461	8,100	7,429	7,999
Current Savings	- 3,090	- 3,947	- 130	-
Schools' Savings	- 2,095	- 990	- 263	
Additional Savings	- 1,240	- 2,692	- 1,009	- 2,315
The balance from the Gap = Year's cuts	5,036	471	6,027	5,684
Following year's cuts	471		5,684	
2 year cuts (2 + 2 strategy)	5,507		11,711	

- 10.6 It was reported in February 2014 that we might be facing a financial gap of over £50m over the 4 year period 2014/15 – 2017/18, and the current savings strategy was planned.
- 10.7 A revised forecast was presented to the Cabinet meeting on 24 November 2015, with a “central case” including a 2% reduction in Government grant for 2016/17, which was a lot less pessimistic than what was prevalent across Wales at the time.
- 10.8 The November report concluded “that the probability of cuts in 2016/17 and 2017/18 had not substantially changed from when the current cuts strategy commenced.” I confirm that this continues to be true.
- 10.9 Further to a grant cut of 1.5% in the 2016/17 ‘settlement’ (on the basis of the Welsh Government’s draft settlement announced on 9 December 2015), the revised forecast is now summarized in the above table.
- 10.10 If the Council was to increase Council Tax by 3.5% in 2016/17 - 2019/20, along with the steps intended to be taken together with the savings which are already being realised, this would still mean that we would need to look for significant additional savings (up to a further £12m) in 2018/19 and 2019/20.
- 10.11 Ideally, the Council would wish to deliver a financial strategy over 4 years. Unfortunately, that is not practical this year, due to the Welsh Government’s intention to provide only a one-year settlement, without any indicative allocations in respect of subsequent years.
- 10.12 Hence, it is sensible to complete the current response plan for the next two years, before identifying the additional funding gap to be faced in 2018/19 and 2019/20. By then, it is hoped that some pressures on local authority services, such as the minimum living wage, will be funded by central government. Also, local government reform plans may be clearer and present opportunities for early savings before 2020. The local government community, including the Head of Finance as Chairman of the Society of Welsh Treasurers, is campaigning for four year settlements for the future after the May 2016 elections.
- 10.13 In the meantime, it is recommended that we should continue to work on the basis of the same range of possibilities as already agreed for 2016/17 – 2017/18, namely:

Council Tax Policy	Consider increase in the Council Tax in the 3.5% - 5% range
Schools Budget	Continue with the target of £4.3m from the schools budget
Efficiency Savings	Maximising the efficiency savings that can be achieved
Cuts	Implement as necessary, in order to save the balance remaining

- 10.14 The strategy to ensure more efficiency savings is already in hand with schemes worth £26m approved, or implemented since 2014/15, and others worth £7m receiving further attention.

- 10.15 The 'Gwynedd Challenge' strategy to prioritise cuts has also progressed, with an inclusive programme establishing priorities in order to try to ensure that the unavoidable cuts reflect the priorities of the people of Gwynedd. This will be the subject of the following discussion on this meeting's agenda.
- 10.16 Another report on this meeting's agenda will discuss the merits of raising Council Tax 3.5% or more by 2016/17 in order to avoid implementing some cuts.
- 10.17 That will be a choice for all Council members. However, whilst noting that there will be a further gap to be faced by the period 2018/19 – 2019/20, this difficult choice (to cut or raise the tax) will have to be faced this year, rather than 'buying time' again.

11 EQUALITY IMPACT ASSESSMENT

- 11.1 The budget outlined above endeavours to continue to provide appropriate outcomes for all the county's citizens, but as there was a decrease in our income and a need to meet inflation costs, etc, we must find savings.
- 11.2 With savings, there is a possibility for us to have an impact which would disproportionately affect those with protected characteristics. The Equality and Human Rights Commission have already identified this risk and since 2010 has reminded local authorities of their duty to assess the effect of their financial decisions.
- 11.3 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 for the future.
- 11.4 Our aim is to ensure that our financial decisions conform with the requirements of the Equality legislation, namely:
- Eliminate illegal discrimination, harassment and victimisation and any other conduct prohibited by the Act.
 - Promote equality of opportunity between people who share a relevant protected characteristic and those who do not.
 - Encourage good relations between those who share a protected characteristic and those who do not.

In assessing, we will try and identify how to make the best of any opportunity to improve equality in addition to trying to avoid or mitigate any negative effects to the best of our ability.

- 11.5 In planning our budgets, consideration is given to equality on each level, by utilising data and evidence in relation to demography and trends at a strategic level, and in the same way (but more specifically) in coming to decisions on individual savings schemes. Data and evidence has already been collected for our Equality Strategic Plan and we will continue to build upon this information by analysing new data, monitoring services and engagement.
- 11.6 We have clear processes for finding savings, which include a full assessment of the impact of savings in terms of equality. We analyse each individual scheme, noting if we consider that the department needs to conduct an impact assessment when developing the scheme.

- 11.7 The recommended budget attempts to do more than meet inflation costs. It also attempts to ensure that unavoidable financial pressures being placed on services (due to greater demands from increasing numbers of clients, etc) are recognised in the budgetary decisions.
- 11.8 Each service has the right to submit a request for resources if it considers that additional funding is required to ensure that services continue. The sums seen under the "service pressures" heading is 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.
- 11.9 Full details are given in Appendix 1 and it can be seen that the majority of the total of £1,174,810 is being put towards either social care or additional learning needs.

12 CONCLUSIONS

- 12.1 Together with the other report on this meeting's agenda which discusses "cuts", this report sets out the factors that should be considered when establishing the 2016/17 budget and confirms that the strategy to cope with the financial position facing the Council for the next four years should continue.

2016/17 BUDGET

- 12.2 It is recommended to address a revenue expenditure requirement of £238.45m, having added £12.28m which includes a provision of £1,174,810 for pressures on services.
- 12.3 It is recommended to fund one-off pressures of £820,740 by reviewing specific funds in 2016 (we will earmark funding for this purpose in the third quarter review of the 2015/16 budget).
- 12.4 After receiving a grant of £166.99m from the Welsh Government and with Council Tax income increasing 3.5% to £60.00m, this will leave a gap of £5m to be found in 2016/17.
- 12.5 It will be possible to cope with this gap via a combination of steps, including a Council Tax increase of 3.5%, as follows:

2016/17 Expenditure requirements	£238,454,140
Less Government Grant income	£166,990,200
Less Council Tax income (4.5%)	<u>£60,004,230</u>
Deficit	£11,459,710
Savings which will be achieved	<u>£6,424,500</u>
Balance to be met from Cuts	<u><u>£5,035,210</u></u>

- 12.6 This will mean setting a net budget, after using balances, of £226,994,430 (£238.45m less savings of £11.46m). An analysis of the budget per service is given in Appendix 3.**
- 12.7 Should the Council wish to remove plans from the cuts, then the budget figure would increase commensurate with the value of those plans, with a commensurate effect on the level of tax.**
- 12.8 It is also recommended that a capital programme of £22.141m should be established for 2016/17 together with £12.286m for 2017/18.**

LONGER TERM STRATEGY

- 12.9 In relation to the position over the next four years, we should plan to address the £17m funding gap by keeping all options open, and we should continue to find the majority of the gap by maximising the efficiency savings that we can deliver.

SUMMARY OF THE 2016/17 BIDS

	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
Permanent Revenue Bids	1,467,060	1,174,810	62,440	229,810
One Off Revenue Bids	1,160,490	820,740	231,000	108,750
Capital Bids	490,000	80,000	100,000	310,000
TOTAL BIDS	3,117,550	2,075,550	393,440	648,560

Permanent Revenue Bids 2016/17

Application			Recommendation		
Reference	Details	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
A. ADDYSG 1	<p><u>School Transport</u> Taxis, Mini Buses and School Buses: Net increase in transport costs of pupils / students since the establishment of budget 2015/16, especially more pupils with Additional Learning Needs since September 2015.</p>	228,010	228,010		
A. ECONOMI 1	<p><u>Loss of Free Swim Grant</u> Bid following a decrease of 39% (i.e. £ 55k) in the grant received. The Service already provides minimum provision.</p> <p>Recommend refusal of the bid based on the expectation that the Department should reduce their provision following the decrease in grant.</p>	54,840			54,840
A. OEDOLION 1	<p><u>Travelling Time for Community Carers</u> The fees paid to community carers for home care does not take into account the time spent traveling between calls. Therefore carers are not paid for the time they are travelling between calls.</p> <p>Recommend approving part of the bid, with the remainder under consideration by the Human Resource Service.</p>	415,000	352,750		62,250

Application			Recommendation		
Reference	Details	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
A. OEDOLION 3	<u>Learning Disabilities – Transition Age</u> To fund care packages for 13 individuals transferring from the Children's Service to the Adult Learning Disabilities Service.	374,630	374,630		
A. OEDOLION 4	<u>Transfer of Responsibility for Learning Disabilities Services</u> Transfer responsibility for 5 care packages to Gwynedd from other authorities on the grounds of 'Ordinary Residence'.	156,600	156,600		
A. OEDOLION 5	<u>Whittlestone Case (Council's Homes)</u> The Whittlestone court case determined that any hours spent 'sleeping-in' is a part of a worker's weekly hours of work. Based on this, it is anticipated that the sleeping-in allowances currently paid is insufficient.	62,820	62,820		
A. PRIFFYRDD 1	<u>Decrease in the Environmental and Waste Grant</u> Bid to manage with an increase within the Department expenditure following a reduction of approximately 4% of the grant (i.e. £150k), a reduction in landfill costs (£62k). And also higher costs of £28k to deal with nappies. Recommend refusal of the bid based on the expectation that the Department should reduce their provision following the decrease in grant.	112,720			112,720
A. CYLLID 1	<u>Decrease in the Benefit Administration Grant</u> Bid as a result of the annual decrease in the Benefit Administration Grant, decrease of 12.4% (i.e. £62k) in 2016/17.	62,440		62,440	
TOTAL PERMANENT REVENUE BIDS		1,467,060	1,174,810	62,440	229,810

One Off Revenue Bids 2016/17

Application			Recommendation		
Reference	Details	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
B. ADDYSG 2	<u>Maesgeirchen Transport</u> Bid to continue with the arrangement of transporting children from Maesgeirchen to Friars and Tryfan schools, until an alternative solution has been found.	67,830	67,830		
B. OEDOLION 1	<u>Travelling Time for Community Carers (backdated to 2014)</u> The fees paid to community carers for home care does not take into account the time spent traveling between calls. Therefore carers are not paid for the time they are travelling between calls. Recommend approving part of the bid, with the remainder under consideration by the Human Resource Service.	725,000	616,250		108,750
B. OEDOLION 2	<u>Deprivation of Liberty Safeguards Arrangements (DoLS)</u> Bid following an increase in the number of individuals requiring assessments, either in care homes or in the community, in order to authorise the steps taken to safeguard them. Recommend that the Department finance the medical assessment costs.	62,660	49,660	13,000	

Application			Recommendation		
Reference	Details	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
B. PLANT A THEULUOEDD 1	<p><u>Children Placements – Agency Fostering</u> Bid to deal with the increase in the number of new placements.</p> <p><i>Recommend that the Department funds part of the bid, on the basis that other budgets can be transferred to meet the shortfall.</i></p>	175,000	57,000	118,000	
B. RHEOLEIDDIO 1	<p><u>Property – Radon Levels within Council Buildings</u> Fund a program to assess the Radon levels within Council buildings. It is a legal requirement to assess and report on the levels of Radon within workplaces and schools.</p>	70,000		70,000	
B. RHEOLEIDDIO 2	<p><u>Property - Upgrade the Security Entrance Doors to the Council Offices</u> In the wake of events, action is needed to improve and ensure secure access to the offices.</p>	60,000	30,000	30,000	
TOTAL ONE OFF REVENUE BIDS		1,160,490	820,740	231,000	108,750

Capital Bids 2016/17

Application			Recommendation		
Reference	Details	Amount (£)	Approval for financing by the Cabinet (£)	Approval for self-financing by the Department (£)	Refuse (£)
C. ECONOMI 1	<p><u>Voluntary Development Fund – “Grants” to the Third Sector Funding to support capital projects by social and voluntary organisations and enterprises. The budget is managed under the banner of Cist Gwynedd.</u></p> <p>Due to the Council's financial situation, it is recommended to finance part of the bid for 2016/17 only.</p>	140,000	80,000		60,000
C. ECONOMI 2	<p><u>Victoria Dock Sluices and Dredging Works</u></p> <p>Bid to fund essential works to reduce the levels of silt in the dock. The current level of silt is hindering access and movement within the dock, and is also damaging the sluices.</p> <p>Recommend refusal of the bid on the basis the Department should consider increasing fees or use the maintenance budget to meet the additional cost.</p>	250,000			250,000
C. RHEOLEIDDIO 1	<p><u>Transport - A4212 Llyn Celyn Safety Fences</u></p> <p>Bid to finance the installation of safety barriers on the A4212 near Llyn Celyn, in order to reduce the number of road traffic accidents.</p>	100,000		100,000	
TOTAL CAPITAL BIDS		490,000	80,000	100,000	310,000

APPENDIX 2**CAPITAL PROGRAMME FOR 2016/17 – 2017/18**

	2016/17	2017/18
	£'000	£'000
Buildings Repairs & Maintenance (dealing with the backlog and avoiding future deterioration)	2,553	2,553
Fire and Asbestos work	500	350
Schools Organisation	14,967	5,753
Replacing temporary classrooms which have come to the end of their life	779	0
Street Lighting	50	50
Safety fences on roads	134	134
Dealing with flooding on roads	100	100
Playing fields	35	35
Vehicle renewals	58	0
Transport feasibility schemes	100	100
Cycle routes	20	20
Information Technology renewals	388	436
Electronic Documents and Records system	155	155
Housing Grants	2,000	2,000
To be distributed	302	600
Total	22,141	12,286

APPENDIX 3

PROPOSED BUDGETS BY SERVICE 2016/17

	Base Budget 2015/16 £'000	Inflation and N.I. £'000	Increments, Turnover and Pensions £'000	Transfer to the Settlement, Demo- graphy and Income £'000	Various £'000	Service Pressures £'000	Base Budget 2016/17 £'000	Savings and Cuts £'000	Base Budget 2016/17 £'000	Further Savings and Cuts £'000	Various Amend- ments £'000	Base Budget 2016/17 £'000
DEPARTMENTS												
Corporate Management Team and Legal	2,023	40	(6)	0	(6)	0	2,051	0	2,051	0	(125)	1,926
Corporate Support	7,364	138	(19)	0	(274)	0	7,209	(133)	7,076	(344)	(238)	6,494
Finance	6,255	187	(33)	0	44	0	6,453	(179)	6,274	(115)	160	6,319
Trunk Roads	(87)	0	0	0	0	0	(87)	0	(87)	0	(97)	(184)
Highways and Municipal Regulatory (Planning, Transport and Public Protection)	21,916	473	0	0	(45)	0	22,344	(472)	21,872	(1,429)	957	21,400
Gwynedd Consultancy	7,788	178	5	(110)	159	0	8,020	(350)	7,670	(217)	3,947	11,400
Central Education	(30)	95	3	280	(5)	0	343	(76)	267	(30)	213	450
Schools Budget	13,375	167	36	52	154	228	14,012	(65)	13,947	(87)	1,745	15,605
Economy and Community	69,174	1,646	363	(485)	(210)	0	70,488	(2,095)	68,393	0	1,897	70,290
Adults, Health and Wellbeing Children and Supporting Families	7,216	82	46	75	(13)	0	7,406	(484)	6,922	(249)	2,939	9,612
	44,171	2,281	(19)	265	55	437	47,190	(977)	46,213	(546)	2,202	47,869
	12,785	297	(6)	(54)	53	0	13,075	(353)	12,722	(400)	(152)	12,170
Departmental Total	191,950	5,584	370	23	(88)	665	198,504	(5,184)	193,320	(3,417)	13,448	203,351
Corporate and Capital Matters	37,920	1,203	(62)	1,559	497	510	41,627	(6,276)	35,351	3,417	(10,960)	27,808
TOTAL =	229,870	6,787	308	1,582	409	1,175	240,131	(11,460)	228,671	0	2,488	231,159
Less Community Councils Precepts	(1,677)	0	0	0	0	0	(1,677)		(1,677)		(149)	(1,826)
TOTAL GROSS EXPENDITURE	228,193	6,787	308	1,582	409	1,175	238,454	(11,460)	226,994	0	2,339	229,333
Financed by: Balances and Specific Reserves	(2,019)	0	0	0	2,019	0	0	0	0	0	(2,106)	(2,106)
NET TOTAL =	226,174	6,787	308	1,582	2,428	1,175	238,454	(11,460)	226,994	0	233	227,227