

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	6 NOVEMBER 2017
SUBJECT:	DRAFT REVENUE BUDGET 2018/19
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

The final budget will not be approved by the Full Council until 28 February 2018, however, at this point the Executive is recommended to approve the following:-

- (i) That a sum of £125k is included in the final budget to fund the Energy Island Team and that this sum is maintained in the budget for as long as the Team is required (para 3.2);
- (ii) Grants incorporated into the AEF and the additional funding for new responsibilities is allocated to the appropriate budgets as allowed for in the standstill budget (para 5.4 & 5.5);
- (iii) To confirm that a contingency budget of £600k to cover any additional pay costs is required (as allowed for in the standstill budget). The value of this contingency to be reviewed prior to determining the final budget proposals (para 6.1);
- (iv) To consult with the public, that an additional 1% increase in Council Tax above the 4% rise set out in the Medium Term Financial Plan is charged and that the funding is set aside to fund additional demand pressures in Social Services (para 6.5);
- (v) To approve the standstill budget for 2018/19 of £132.337m and this should form the basis of the 2018/19 revenue budget (para 7.1);
- (vi) That the sum allocated to housing projects by means of the empty homes and second homes premium remains at the 2017/18 level (para 9.2);
- (vii) That the Executive should seek to make sufficient savings in 2018/19 to balance the revenue budget without resorting to the use of general reserves and to ensure that the required savings in 2019/20 are achievable (para 9.6);
- (viii) That the Executive should seek the opinion of the public on the proposed savings.

The detailed report on the preparation of the 2018/19 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 – 4.

B - What other options did you consider and why did you reject them and/or opt for this option?

N/A

C - Why is this a decision for the Executive?		
This matter is delegated to the Executive.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Yes		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	TBC
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2018/19 • Appendix 2 – Analysis of the Movement from the 2017/18 Final Revenue Budget to the 2018/19 Standstill Budget • Appendix 3 - 2018/19 Standstill Budget by Service • Appendix 4 – Potential Revenue Budget Savings for 2018/19 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2018/19 – 2020/21 – See Executive Meeting Agenda 18 September 2017 – Item 8 		

DRAFT REVENUE BUDGET 2018/19

1. INTRODUCTION

- 1.1. The following report sets out the Executive's provisional revenue budget for 2018/19. The budget is prepared based on assumptions set out in the Medium Term Financial Plan approved by the Executive in September 2017, the provisional local government settlement which was issued by the Welsh Government on 10 October 2017 and the proposed revenue savings which have been identified by the individual services and have been discussed at the various workshops that have taken place during the summer.
- 1.2. The provisional budget approved by the Executive will then be subject to a formal public consultation process which will run from 7 November 2017 to 29 December 2017.
- 1.3. Following receipt of the final settlement figures in late December 2017, the final budget proposal will be subject to a review by the Scrutiny Committee in February 2018, will be recommended for approval by the Executive on 19 February 2018, with the final 2018/19 budget being approved by the Council at its meeting on 28 February 2018.

2. MAIN ASSUMPTIONS ARISING FROM THE MEDIUM TERM FINANCIAL PLAN

- 2.1. The Medium Term Financial Plan sets out a number of assumptions and these assumptions have been taken into account in calculating the standstill budget for 2018/19. The standstill budget is a budget which provides resources to operate services at 2017/18 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the costs in 2018/19.
- 2.2. The main assumptions used to set the standstill budget are as follows:-

2.2.1. Pay Inflation

Both the Teachers pay award and non teaching pay award have been assumed at 1%, this reflects the Government's current policy in respect of public sector pay awards. However it remains unclear at this point whether the UK Government lifts the pay cap which could allow for an increased pay award in 2018/19. The situation may become clearer after the UK budget is announced on 22 November 2017.

2.2.2. General Price Inflation

The Medium Term Financial Plan allowed for a level of general price inflation of 2.6%. The Consumer Prices Index (CPI), which is now widely recognised as the best measure of inflation, is currently 2.9% (as at August 2017) but is expected to fall gradually over the coming months as the impact of Brexit works its way out of the calculation. It is, therefore, considered that an inflation rate of 2.6% is reasonable and this rate has been applied to all general supplies and services budgets. Where specific contracts have specific methods to determine the inflation to be applied, then that specific rate will have been applied to the appropriate budget.

2.2.3.Non Statutory Income

Over the past few years, the policy has been to increase the non-statutory income budgets by an average of 5% in each service. It has been for the service to decide the setting of individual fees and charges within their service. In 2017/18, the policy changed and an increase of 3% was applied as there was concern that the fees charged for some services were nearing or exceeding fees charged by private sector providers. For 2018/19, the same assumption has been applied as the difference between the 3% rise and inflation is now very small.

3. COMMITTED CHANGES

3.1. Committed changes are amendments which are taken into account in drawing up the standstill budget and they reflect an increase or decrease in costs which are outside the control of the Council or the individual service. The changes can include items of one off funding required or falling out of the budget, costs arising from legislative changes, changes in costs arising as a result of a tendering exercise, capital financing costs etc. The total adjustments made to the budget total £621k, details of the major changes are discussed in the paragraphs below.

3.2. Energy Island

In 2013/14, a sum of £900k was allocated to fund the cost of the Team for an initial 3 year period. This provided sufficient funding until 2016/17 with a small amount of underspends available for use in 2017/18. An additional £125k was provided in 2017/18 to continue to fund the Team, redirected from other activities undertaken by the Service but no longer required. As no further authorisation has been given by the Executive to continue with this funding, the sum of £125k has been removed from the standstill budget. Members are requested to consider whether this funding should be brought into the budget to co-ordinate the IoACC's statutory consenting responsibilities and non-statutory activities arising from the proposed major projects for as long as the Team is required.

3.3. Apprenticeship Levy

A sum of £290k was included in the 2017/18 budget to cover the cost of the Apprenticeship Levy which came into force in April 2017. This budget was an estimate and the actual annual cost is around £330k. Therefore, an additional £40k has been added to the 2018/19 budget.

3.4. Non Domestic Rates

Following the revaluation of all business properties, the revised actual costs are now known and the budget has been updated to reflect these changes. In addition, funding has been set aside to cover the costs of Ysgol Cybi and Ysgol Rhyd y Llan. Once the old schools have been sold, the budget will be adjusted downwards to reflect the change. For 2018/19, an additional £101k has been added to the budget to meet the additional costs.

3.5. Capital Financing

As the Council incurs capital expenditure, the required Minimum Revenue Provision (MRP) increases along with the additional interest costs on the additional borrowing drawn down to fund the capital programme. In each year's settlement, the cost of an element of borrowing is provided for through extra funding (supported borrowing). The additional MRP and interest costs for 2018/19 are estimated at £362k, however, the borrowing costs in respect of the Penhesgyn gas management project reduce in 2018/19 and, after realigning the income budget to reflect the fall in gas production it is possible to reduce the net budget by £100k. This gives a net increase in capital financing costs of £262k, taking the capital financing budget to £8.51m.

3.6 Pupil Numbers

Each year, the effect of the change in pupil numbers is taken into account as part of the budget setting process. For 2018/19, this has resulted in an increase in the budget across the 3 sectors of £34k.

3.7. Council Tax Reduction Scheme

Up until 2013/14, taxpayers eligible to receive a reduction in their Council Tax bills through the benefits system in the form of Council Tax Benefit which was funded by the Department of Work and Pensions. In 2013/14, Council Tax Benefit was replaced by the Council Tax Reduction Scheme, with the funding for the scheme being transferred into the Revenue Support Grant. Initially, the scheme was fully funded but, as the level of Council Tax has risen and the number of claimants changed since 2013/14, it has been necessary for the Council to provide additional funding to meet the cost of the scheme (in addition to the sum provided in the Revenue Support Grant).

For 2017/18, the budget requirement has been reassessed taking into account the current level of expenditure and an increase in the Council Tax for 2017/18. This has resulted in a reduction of the budget of £76k, to bring the overall budget to £5.52m.

3.8. North Wales Fire & Rescue Service Levy

The Fire Service raise a levy each year which is allocated across the six North Wales Authorities based on population numbers, which vary each year between the 6 authorities. In 2017/18, the levy was increased by 4% across North Wales with a further increase of 1.3% in 2018/19, which is an increase of £44k (based on the same population distribution as 2017/18).

3.9. Retendered Contracts

During 2017/18, both the Highway Maintenance contract and the Grass Cutting contract were retendered and this resulted in an increase in the tendered prices. As a result an additional £50k and £37k respectively have been added to the relevant budgets.

3.10. Restructuring in Secondary Schools

In March 2017, the Executive resolved to cover the cost of pay protection for teachers arising from any restructuring of the management of the Council's Secondary Schools from the core budget. To date only one school has undertaken the restructuring and the cost of the pay protection amounted to £67k, which has been included in the 2018/19 budget.

3.11. New Primary Schools

The 2 new schools at Ysgol Cybi and Ysgol Rhyd y Llan resulted in ongoing revenue savings of £148k, however, £52k has been transferred from the Schools delegated budget to the Central Education budget to cover ongoing commitments relating to the former school sites. Therefore, the net reduction in the Education budget is £96k. This sum will contribute towards the increased capital financing costs of £295k which have been included in the capital financing budget.

3.12. Others

A number of other budgets have been adjusted to reflect changes that have taken place during the year which are outside the control of the service, these include income budgets where the Service can no longer charge the income. The total net value of these adjustments amount to £290k.

4. CONTINGENCIES

- 4.1 As part of the budgeting process, a number of contingency budgets are built into the budget to cover fixed term costs, potential risks that may require funding during the year or as a general contingency which is utilised during the year as additional budget pressures arise or as unexpected events occur. The changes made to the contingency budgets are shown in Table 1 below:-

Table 1 Movement in Contingency Budgets between 2017/18 and 2018/19					
		End Date	2017/18 Budget £'000	Proposed 2018/19 Budget £'000	Change £'000
Earmarked	County Council Elections	2018/19	150	0	(150)
Cost of Change	Procurement	2018/19	48	0	(48)
Cost of Change	ICT Support	2018/19	44	0	(44)
Earmarked	Haulfre Residential Home	2017/18	95	95	0
Earmarked	Nursing Domiciliary Care Costs	2017/18	330	Transferred to the Service Budget	(330)
Salary & Grading	Voluntary Redundancy Costs	2019/20	200	300	100
NDR Discretionary Rate Relief		Ongoing	60	60	0
General Contingency		Ongoing	284	280	(4)
TOTAL			1,211	735	(476)

5. INFLATION AND OTHER ADJUSTMENTS

5.1. The standstill budget is the budget required to provide the same level of service as in 2017/18, after adjusting for any known changes (as set out in paragraphs 3 and 4 above) and after adjusting for pay and price inflation. The final adjustments in order to determine the standstill budget for 2018/19 are set out below.

5.2. Staff Increments and Changes in Post Holders

Staffing budgets are based on the actual pay point that members of staff will be paid on in 2018/19. Since the implementation of the Single Status agreement, the number of spinal column points in each grade has reduced and, as a result, a large number of staff are now at the top of their grade. Changes in postholders during 2017/18 will also be reflected in the 2018/19 budget. The net effect of these adjustments increases the standstill budget by £65k.

5.3. Inflation

In accordance with the assumptions in the Medium Term Financial Plan, a general level of inflation of 1% has been allowed for pay increases and 2.6% for general prices, unless a different inflation rate is defined in any contract which the Council has entered into. All non-statutory income budgets have increased by 3%. The net cost of the inflation applied amounts to £2.02m.

5.4. Grants Transferred into the Settlement

The Welsh Government have over a number of years, reduced the number of specific grants by transferring the funding into the Settlement. In 2018/19, £91.7m of revenue grants were transferred into the settlement. For Anglesey, the value of the grants transferred in were as shown in Table 2 below:-

Table 2		
Comparison of Grants Transferred into Settlement to the Equivalent Grant Received in 2017/18		
Grant	2018/19 Allocation in Settlement £	2017/18 Equivalent Grant Allocation £
Independent Living Grant	778,806	837,060
Social Care Workforce Grant	427,493	427,493
Looked After Children Grant	148,465	82,886
Carers' Respite Care Grant	67,499	67,499
Waste Element – Single Revenue Grant	920,990	985,459 ¹
TOTAL GRANTS TRANSFERRED IN	2,343,253	2,400,397

1. This assumes the indicative reduction in the grant of 7%

The full sum of these grants have been included against the relevant Service budget.

5.5. New Responsibilities

The Welsh Government included an additional £6m in the settlement to deliver local services to assist with homelessness prevention. As a result, an additional £119,437 was included in the settlement figures for Anglesey. This figure is included in the standstill budget as an additional contingency but it is noted that Members will be required to confirm their intention to use the additional funding as set out in the settlement.

6. BUDGET RISKS

6.1. Inflation

The public sector pay award has been capped at 1% for a number of years, however, the Government is under increasing pressure to remove the cap. It is prudent at this stage to provide a contingency sum in the standstill budget to meet the additional cost, if it materialises, and must be funded by the Council. Allowing for another 1% for the full year for non-teaching staff and from September 2018 for teaching staff would require an additional £600k to be set aside and this has been included as an additional contingency in the standstill budget. The need for this contingency can be reviewed as the budget process is completed.

6.2 National Living Wage

As reported in the Medium Term Financial Plan, the National Living Wage is planned to increase year on year to £9 per hour by 2020. As a result, the pay associated with the lower points on the pay scales catch up the higher grades. This problem has been identified by the Employers nationally and a review is currently being undertaken of the national pay scales. Early modelling suggests that the review would increase pay budgets (including pay awards) between 5% and 6% over two years, although this may be lower for Anglesey as points 6 to 9 are no longer paid by the Council. As the change to the new pay grade will incorporate the pay award, the contingency detailed in para 6.1 should be sufficient to cover the additional cost in 2018/19 but the changes will put added pressure on the budget in 2019/20.

6.3. Specific Revenue Grants

In 2017/18, the Council received approx. £20.9m in specific revenue grants which are utilised to provide specific services. To date, no indication has been received as to the level of funding that will be received in the form of specific grant funding in 2018/19 and, as a result, no reductions have been factored into the standstill budget. Any reduction in these grants will result in a direct cut in the services they fund or will require the Council to subsidise the loss of grant from the core budget.

6.4 Council Tax Reduction Scheme

The budget for the Council Tax Reduction Scheme is based on the current caseload and the prediction for the change in caseload over 2018/19. After the results of the EU referendum and the uncertainty it has created, it is difficult to predict what will happen to the UK economy. A significant worsening of the economy and an increase in unemployment will naturally lead to an increase in the caseload and increased costs.

6.5. Budget Pressures and Demand Led Services

Members will be aware that the 2017/18 expenditure is forecast to overspend the budget by approximately £2m, with the main pressures arising from an increased demand in looked after children and associated out of county placement costs. The MTFP did allow for a modest increase in these budgets of £0.4m. The MTFP allowed for a 4% increase in Council Tax but an increase of 5% would generate an additional £338k and this additional sum has been allowed for in the standstill budget with the additional funding earmarked to respond to demand pressures within Social Services.

7. STANDSTILL BUDGET 2018/19

7.1 Based on all of the adjustments and assumptions detailed above, the standstill budget for 2018/19, including an additional contingency for pay of £600k and additional funding to meet demand pressures within Social Services, totals £132.337m, an increase of £6.179m on the 2017/18 final budget, although £2.462m is as a result of grants transferring into the settlement and new responsibilities. A summary of the changes made in comparison with the Medium Term Financial Plan is attached as Appendix 2. A breakdown of the standstill budget by Service is attached as Appendix 3.

8. PROVISIONAL SETTLEMENT

8.1 The provisional settlement for Local Government in Wales, announced on 10 October 2017, shows an increase of £72.63m in the overall level of funding for Wales, which is equivalent to a 1.77% increase. However, £91.72m relates to grants transferred in and £6m relates to additional funding for homelessness prevention. When the effect of these changes are adjusted for, the true figure shows a fall in funding of £25m or 0.6%. The details are shown in Table 3 below:-

Table 3		
2018/19 Provisional Settlement		
	Anglesey	Wales
	£'m	£'m
2017/18 AEF	92.652	4,113.620
Previous Years Grants Transferred In / (Out)		
Waste Grant	0.920	35.000
Welsh Independent Living Grant	0.775	26.889
Social Care Workforce Grant	0.421	19.000
Looked After Children Grant	0.144	7.415
Carers' Respite Care Grant	0.066	3.000
Social Care for Prisoners in Secure Estate Grant	0.000	0.412
2017/18 Adjusted AEF	94.978	4,205.336
New Responsibilities		
Homelessness Prevention	0.119	6.000
Top Up Funding – Settlement Floor	0.000	1.772
Funding Adjustment for 2018/19	(0.173)	(26.861)
Provisional AEF 2018/19	94.924	4,186.247

- 8.2. The written statement made by the Cabinet Secretary for Finance and Local Government stated that the within settlement funding has been provided to increase the school element of the settlement by £62m and the social care element by £42m. However, it is not explained how these 2 figures are arrived at and it is clear from the table above that it has not translated into additional cash funding for local authorities.
- 8.3. Although the reduction in the AEF is smaller than planned in the MTFP (0.1% compared to 2%), it is still a reduction in real terms with the Council having to fund an estimated additional £2m due to pay awards and general inflation.
- 8.4. The provisional settlement provides no further information on the specific revenue grants which the Council receives.

9. THE FUNDING GAP

- 9.1. In 2017/18, the Council approved the setting of a premium of 25% for second homes and empty homes. As work was ongoing to identify the properties on which the premium would be levied, a conservative estimate was taken when determining the additional funding the premium would raise to allow for errors in the identification of properties and to provide a safety net should the premium result in a large number of taxpayers taking action in order that they did not have to pay the premium e.g. letting their home, selling their home or actively selling their home. A budget of £564k was set, of which 30% was allocated to housing projects.
- 9.2. The actual additional debit raised by the premium was £984k and the figure has remained fairly constant since the start of the financial year. It is, therefore, proposed to increase the budget to 80% of this current figure and, after allowing for the assumed increase in Council Tax (5%) this raises the budget to £824k. A further decision will be required by Members as to whether they wish to allocate more funding to housing projects e.g. 30% of this revised figure.
- 9.3. Assuming an increase in Council Tax of 4% (as per the Medium Term Financial Plan) plus an additional 1% to fund demand pressures, the funding gap for 2018/19 is shown in Table 4 below:-

Table 4 Budget Funding Gap 2018/19		
Standstill Budget	£'m	£'m
Funded By:		132.337
Revenue Support Grant (RSG)	72.307	
Share of Non Domestic Rates Pool	22.617	
Council Tax (including premium) ^{note 1}	35.415	
Total Funding		130.339
Funding Shortfall		1.998
Note 1 - Assumes an increase of 5% in Council Tax		

- 9.4. The impact of various levels of Council Tax increase and on the Band D equivalent charge (currently £1,088.01 in 2017/18) is shown in Table 5 below:-

Table 5 Impact of Various Council Tax Increases on the Funding Shortfall				
% Increase	Council Tax £'m	Funding Shortfall £'m	Weekly Effect on Band D £	Total Increase in Band D £
1.0	34.066	3.010	0.21	10.88
1.5	34.234	2.841	0.31	16.32
2.0	34.403	2.672	0.42	21.76
2.5	34.572	2.504	0.52	27.20
3.0	34.740	2.335	0.63	32.64
3.5	34.909	2.167	0.73	38.08
4.0	35.077	1.998	0.84	43.52
4.5	35.246	1.829	0.94	48.96
5.0	35.415	1.661	1.05	54.40

9.5. The initial budget work estimated that the funding gap would be £4m in 2018/19 and services were, therefore, asked to identify budget savings of 4% which would generate the £4m savings required. A number of budget workshops were held over the summer and Heads of Service identified potential savings of £3.296m, the details of which are attached as Appendix 4. The savings proposals will be subject to a public consultation process between 7 November 2017 and 29 December 2017.

9.6. The Council's balance of general reserves currently stands at £8.3m, which is £2.3m above the balance assessed by the Council's Section 151 Officer as the minimum required. However, the current budget position for 2017/18 is projecting an overspend of around £2m and this will have to be funded from the general reserves and is likely to bring the level down closer to the required balance. Using the reserves to balance the budget does allow the Council to defer budget saving proposals in 2018/19 but, if the financial gap continues into the following years, then the savings will have to be implemented in the following year, whilst the Council's general reserves are further diminished. The budget strategy to date has been to use general reserves to fund projects that bring long term savings to the Council rather than to use as short term funding. It is recommended that this strategy continues and that reserves are not used to balance the budget if the budget can be balanced through the implementation of permanent budget savings.

10. REVISED MEDIUM TERM FINANCIAL PLAN

10.1. The provisional settlement also indicated that the potential settlement for 2019/20 would see a further reduction in the local government settlement of 1.5%, which equates to a reduction of £1.4m. A 4% rise in Council Tax would generate a similar figure and, as a result, the funding available would be similar to the 2018/19 level.

10.2. The Council would, therefore, have to fund all budget increases due to pay awards, inflation, budget pressures and increased capital financing charges by means of making further budget savings.

- 10.3.** The Employers Organisation are currently drawing up proposals to restructure the pay scales for non-teaching staff to take account of the effect of the increases in the National Living Wage. This restructure would also incorporate the pay award and early indications are that these changes would increase the pay costs by around 5% over 2 years. The 2018/19 budget allows for a 2% increase, which would leave a further 3% increase to be funded in 2019/20. The situation regarding teachers' pay is more uncertain but planning for a similar increase would be prudent.
- 10.4.** Funding the pay award at 3%, along with other budget changes would increase the budget for 2019/20 by an estimated £3.8m and this would be the level of savings that would be required. An initial list of potential savings drawn up by Services totalled £3.4m and, given that the potential budget shortfall in 2018/19 is £2m, then £1.4m of savings could be implemented which would take the Council some way in achieving the estimated saving requirement of £3.8m.
- 10.5.** The position for 2020/21 is very unclear but, assuming that the settlement for 2020/21 is in line with the 2019/20 figure and assuming a further Council Tax increase of 4% and pay and price inflation of around 2%, a further £1m of savings would be required in this year.
- 10.6.** The revised total of savings required over the period 2018/19 to 2020/21 is, therefore, £6.8m compared to £8.6m noted in the Medium Term Financial Plan reported to the Executive in September 2017. The change is due to the better than anticipated settlement for 2018/19.

11. MATTERS FOR DECISION

- 11.1** The final budget will not be approved by the Full Council until 28 February 2018, however, at this point, the Executive is recommended to approve the following:-
- (i)** That a sum of £125k is included in the final budget to fund the Energy Island Team and that this sum is maintained in the budget for as long as the Team is required (para 3.2);
 - (ii)** Grants incorporated into the AEF and the additional funding for new responsibilities is allocated to the appropriate budgets as allowed for in the standstill budget (para 5.4 & 5.5);
 - (iii)** To confirm that a contingency budget of £600k to cover any additional pay costs is required (as allowed for in the standstill budget). The value of this contingency to be reviewed prior to determining the final budget proposals (para 6.1);
 - (iv)** To consult with the public that an additional 1% increase in Council Tax above the 4% rise set out in the Medium Term Financial Plan is charged and that the funding is set aside to fund additional demand pressures in Social Services (para 6.5).
 - (v)** To approve the standstill budget for 2018/19 of £132.337m and this should form the basis of the 2018/19 revenue budget (para 7.1);
 - (vi)** That the sum allocated to housing projects by means of the empty homes and second homes premium remains at the 2017/18 level (para 9.2);
 - (vii)** That the Executive should seek to make sufficient savings in 2018/19 to balance the revenue budget without resorting to the use of general reserves and to ensure that the required savings in 2019/20 are achievable (para 9.6);
 - (viii)** That the Executive should seek the opinion of the public on the proposed savings.

ANALYSIS OF THE MOVEMENT FROM THE 2017/18 FINAL BUDGET TO THE 2018/19 STANDSTILL BUDGET

	Medium Term Financial Plan		Standstill Budget		Report Ref
	£'m	£'m	£'m	£'m	
2017/18 Budget		126.157		126.157	
Contingencies Adjustments					
County Council Elections	- 0.150		- 0.150		Para 4.1
Cost of Change Contingency	- 0.092		- 0.092		Para 4.1
Redundancy Costs	0.100		0.100		Para 4.1
Voluntary Redundancy Savings	0.300		0.234		Para 4.1
General Contingency	0		-0.004		Para 4.1
		0.158		0.088	
Committed Changes					
Fire Service Levy	0.043		0.043		Para 3.8
Pupil Numbers	0.132		0.034		Para 3.6
Council Tax Reduction Scheme	0.160		- 0.076		Para 3.7
Capital Financing Costs	0.434		0.262		Para 3.5
NNDR Corrections	0.025		0.101		Para 3.4
Retendered Contracts	0.087		0.087		Para 3.9
Restructuring in Secondary Schools	0.118		0.062		Para 3.10
Energy Island	0.000		- 0.125		Para 3.2
Apprenticeship Levy	0.000		0.040		Para 3.3
Ysgol Cybi and Ysgol Rhyd y Llan	0.000		-0.096		Para 3.11
Other Committed Changes	0.131		0.290		Para 3.12
		1.130		0.621	
Staffing Budget Changes		0.100		0.065	Para 5.2
Demand Led Budget Pressures		0.399		0.338	Para 6.5
Inflation		1.879		2.023	Para 5.3
Pay Award Contingency		0.000		0.600	
Grants and New Responsibilities		0.000		2.445	Para 5.4 / 5.5
Standstill Budget		129.823		132.337	

APPENDIX 3

STANDSTILL BUDGET 2018/19 BY SERVICE				
Budget	2017/18 Budget	2018/19 Standstill Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	37.299	37.716	+0.417	+1.12%
Central Education	9.477	9.886	+0.409	+4.32%
Culture	1.379	1.368	-0.011	-0.80%
Total Lifelong Learning	48.154	48.970	+0.815	+1.69%
Highways, Waste & Property				
Highways	6.442	6.572	+0.130	+2.02%
Waste ¹	6.303	7.364	+1.061	+16.83%
Property	1.025	1.022	-0.003	-0.29%
Total Highways, Waste & Property	13.770	14.958	+1.188	+8.63%
Regulation & Economic Development				
Economic Development & Maritime	1.167	1.065	-0.102	-8.74%
Planning & Public Protection	2.174	2.158	-0.016	-0.74%
Leisure	0.786	0.751	-0.035	-4.45%
Total Reg & Economic Development	4.127	3.974	-0.153	-3.71%
Adult Services²	22.814	24.962	+2.148	+9.41%
Children Services³	7.647	8.224	+0.577	+7.54%
Corporate Transformation				
Human Resources	1.221	1.262	+0.041	+3.40%
ICT	1.690	1.748	+0.058	+3.43%
Transformation	0.833	0.911	+0.078	+9.36%
Total Corporate Transformation	3.744	3.921	+0.177	+4.73%
Housing	1.027	1.006	-0.021	-2.04%
Resources	2.778	2.945	+0.167	+6.01%
Council Business	1.517	1.547	+0.030	+1.98%
Total Service Budgets	105.579	110.507	+4.928	+4.67%
Corporate Budgets				
Corporate Management	0.761	0.729	-0.032	-4.20%
Levies	3.335	3.378	+0.043	+1.29%
Corporate & Democratic	1.915	1.946	+0.031	+1.62%
Capital Financing Costs	8.149	8.511	+0.362	+4.44%
HRA Recharges	-0.622	-0.622	0.000	0.00%
Council Tax Reduction Scheme	5.600	5.524	-0.076	-1.35%
Contingencies	1.681	2.304	+0.623	+36.94%
Discretionary Rate Relief	0.060	0.060	0.000	0.00%
Corporate Savings	-0.300	0.000	-0.300	-
Total Corporate Budgets	20.579	21.830	+1.251	+6.07%
TOTAL BUDGET	126.158	132.337	6.179	+4.90%

1. The increase included £920K of grant transferring into the settlement
2. The increase includes £1,262k of grants transferring into the settlement
3. The increase includes £144k of grant transferring into the settlement

PROPOSED BUDGET SAVINGS 2018/19

Proposed Saving	Service	Probable Savings £'000
Savings Proposals to be included in the Budget Consultation		
Increase the Oriel Ynys Môn visitor income through a greater emphasis on its marketing.	Lifelong Learning	15
Reduce central staffing costs within the Learning Service. (Education & Culture)	Lifelong Learning	30
Complete the process of transforming the Library Service following the recent consultation process. The level of saving will be dependent on the Executive's decision in November 2017.	Lifelong Learning	Estimated 50
Combine roles within the Service into one post.	Lifelong Learning	25
Further reductions in the level of Culture grants to organisations such as Ucheldre Centre (Holyhead), community newspapers and Cwmni'r Frân Wen.	Lifelong Learning	20
Increase the fee for the School Breakfast Club from £0.75 to £1.00 for the time between 8.00am to 8.25am. This increase will not be associated with the costs of breakfast clubs.	Lifelong Learning	15
Increase the fee for bus passes under the Vacant Seat Scheme by 10% (£12) for bus journeys with 3 miles of secondary and 2 miles of primary schools.	Lifelong Learning	10
Reduce the management costs for the music tuition service by revision of the commissioning arrangements in cooperation with the current tutors whilst maintaining the current service to children.	Lifelong Learning	86
To maintain the school budget at the 2017/18 level. However, schools will need to fund the cost of pay awards and inflation from existing budgets.	Lifelong Learning	563
Delegate more of the repairs and maintenance budget to schools.	Lifelong Learning	100
Retender the schools' grass cutting contract into smaller lots in order to obtain lower prices by April 2018.	Lifelong Learning	50
With Hafan Cefni Extra Care Scheme, Llangefi opening in May 2018, this will allow for the closure of Plas Penlan Residential Home in Llangefni.	Adults Services	190

Proposed Saving	Service	Probable Savings £'000
Increase the take up of direct payments by clients allowing families greater flexibility to arrange their own care packages at a lower cost.	Adults Services	30
Change the service provision with the aim of allowing more clients to be supported in their own homes or in our extra care provision rather than being placed into residential care.	Adults Services	92
Manage the demand for homecare by promoting greater community and personal support networks to enable people to continue living independently.	Adults Services	38
Reduce staffing within the Highways Service as posts become vacant.	Highways, Waste & Property	120
Reduce public transport costs by removing the following low demand routes:- <ul style="list-style-type: none"> a. 07.13 Amlwch to Llangefni (daily) b. 12.34 Llannerch-y-medd to Bangor (Sat pm) c. 14.18 Bangor to Carmel (Sat pm) d. 15.32 Carmel to Bangor (Sat pm) e. 16.40 Bangor to Rhos-y-bol (Sat pm) 	Highways, Waste & Property	15
Increase parking fees above the rate of inflation (3%) whilst keeping the 50p half hour and £1 hour fees.	Highways, Waste & Property	5
Reduce the street lighting repairs and maintenance budget as a result of the increased investment in LED lighting.	Highways, Waste & Property	20
Reduce vehicle / transport costs through the increased use of electric and LPG vehicles and by making greater use of contract hire vehicles.	Highways, Waste & Property	40
Increase the income from the Smallholdings estate by changing the tenancy agreement for new tenants.	Highways, Waste & Property	25
Reduce cleaning material costs across Council buildings.	Highways, Waste & Property	25
Increase the income from the Council's Industrial Units when renewing contracts and lease agreements.	Highways, Waste & Property	35

Proposed Saving	Service	Probable Savings £'000
Employ an in-house plumber to undertake routine maintenance work instead of using sub-contractors.	Highways, Waste & Property	20
Reduce staffing within the Property Service.	Highways, Waste & Property	35
Transfer public conveniences to other organisations.	Highways, Waste & Property	30
Rationalise capacity within Planning, Joint Planning Policy Unit, Public Protection and Economic Development.	Regulation and Economic	92
Increase income budgets for Public Protection as a result of legislative changes.	Regulation and Economic	8
Improve the management and effectiveness of the Beach Wardens and Slipway Attendants.	Regulation and Economic	20
Outsource the café at Holyhead Leisure Centre	Regulation and Economic	5
Increase the income generated from preparing Energy Performance Certificates and in undertaking work for other Housing Associations	Housing	23
Delete the vacant Counter Fraud Officer post and other vacant posts within the Transformation service	Corporate	45
Stop having a presence at the Anglesey Show	Transformation	6
Generate income by selling advertising space on the Council's website to local and regional businesses	Transformation	6
Review the Council's Minimum Revenue Provision policy in order to reduce the statutory minimum revenue provision which is set aside to fund the repayments of long term loans	Corporate	1,000
TOTAL PROPOSED SAVINGS TO BE INCLUDED IN BUDGET CONSULTATION		2,889
Savings Proposals to be Implemented without Consultation		
General savings on miscellaneous budgets within the Transformation Service	Transformation	11
Centralise the catering provision for the Council's residential homes into 2 centres	Adults Services	100

Proposed Saving	Service	Probable Savings £'000
Remove Surplus budget from Corporate Management Team budget	Corporate	75
Remove surplus budget from Anglesey / Gwynedd Partnership budget	Corporate	80
Remove unused Risk Management budget	Corporate	41
Reduce Historic Pension budget	Corporate	100
TOTAL PROPOSED SAVINGS TO BE IMPLEMENTED WITHOUT CONSULTATION		407
TOTAL PROPOSED SAVINGS 2018/19		3,296

