

# **CORPORATE SCRUTINY COMMITTEE**

## **Minutes of the meeting held on 31 October, 2017(Budget)**

**PRESENT:** Councillor Aled Morris Jones (Chair)  
Councillor Dylan Rees (Vice-Chair)

Councillors Alun Roberts, J. Arwel Roberts, Nicola Roberts

Co-opted Member: Mr Keith Roberts (The Catholic Church)

### **Partnerships and Regeneration Scrutiny Committee**

Councillors Glyn Haynes, G.O. Jones, R. Llewelyn Jones, Dafydd Roberts, Margaret M. Roberts, Robin Williams

### **The Executive**

Councillors Llinos Medi Huws (Leader and Portfolio Member for Social Services), John Griffith (Portfolio Member for Finance), R. Meirion Jones (Portfolio Member for Education, Libraries, Youth & Culture), Alun Mummery (Portfolio Member for Housing and Supporting Communities), R.G. Parry, OBE, FRAGS (Portfolio Member for Highways, Properties & Waste), Dafydd Rhys Thomas (Portfolio Member for Corporate Services)

**IN ATTENDANCE:** Chief Executive  
Head of Function (Resources) and Section 151 Officer  
Head of Function (Council Business)/Monitoring Officer (for item 5)  
Head of Learning  
Head of Housing Services  
Head of Adults' Services  
Head of Corporate Transformation  
Service Business Manager (Regeneration & Economic Development)  
Programme and Business Planning Manager (GM)  
Scrutiny Manager (AGD)  
Committee Officer (ATH)

**APOLOGIES:** Councillors Richard Griffiths, Richard Owain Jones, Shaun Redmond, Anest Frazer (The Church in Wales), Richard Dew (Portfolio Member for Planning & Public Protection, Carwyn Jones (Portfolio Member for Economic Development & Major Projects), Ieuan Williams (Portfolio Member for Transformation & the Welsh Language)

**ALSO PRESENT:** Representatives of Llais Ni (Anglesey Youth Council) and the Citizens' Panel

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The Chair welcomed all those present to this meeting of the Corporate Scrutiny Committee; he extended a particular welcome to representatives of Llais Ni (Anglesey Youth Council) and the Citizens' Panel who were present to observe part of the meeting.

## **1 DECLARATION OF INTEREST**

No declaration of interest was received.

## **2 MINUTES OF THE 4<sup>TH</sup> SEPTEMBER, 2017 MEETING**

The minutes of the previous meetings of the Corporate Scrutiny Committee held on the 4<sup>th</sup> September and 2 October, 2017 were presented and were confirmed as correct.

Arising on the minutes of the 4<sup>th</sup> September, 2017 meeting –

### **Item 7: Annual Report 2016/7 – Listening and Learning from Complaints**

The Chief Executive updated the Committee on the feasibility of monitoring Social Worker turnover in relation to children in care following a suggestion made by the Committee that changes in Looked After Children's Social Workers should be monitored for the potential impact they may have on the child. The Chief Executive explained that following the recent introduction to Anglesey of the WCCIS integrated information system, the arrangements for collating information within Social Services have changed. The Social Services are currently adapting to the new system and consequently it is premature and impractical at this time to try to utilise the system to generate this specific information. The information could be produced on a manual basis but that would entail checking each case file which is a labour intensive task and places additional pressure on Children's Services. He suggested that the matter be deferred for the present and that it be revisited when the new system is embedded and the information that the Service is able to present to the Committee is the most current and up to date.

**It was resolved to defer the matter in accordance with the Officer's recommendation.**

## **3 BUDGET CONSULTATION PLAN 2018/19**

The report of the Head of Corporate Transformation incorporating a proposed plan for conducting the public consultation process on the 2018/19 Budget during the period from the week commencing 6<sup>th</sup> November to 29<sup>th</sup> December, 2017 was presented for the Committee's consideration.

The Portfolio Member for Corporate Services reported that the initial internal stage of the Budget consultation process i.e. with Elected Members and Officers within the Council has been completed. The second stage which involves consulting with the citizens of Anglesey on the resulting proposals must be as far-reaching, inclusive and thorough as possible and needs to cover the whole Island. The process follows the pattern set in recent years in drawing on a range of channels to reach as many citizens as possible including the press, town and community councils, stakeholder workshops, the internet, social media, the citizens' panel and children and young people's workshops. The Portfolio Member said that he anticipated that social media would feature prominently in this and next year's consultation as a means of presenting citizens' comments. However, one of the key objectives is to ensure that the process engages with the more vulnerable groups within the community and that their views are heard.

The Head of Corporate Transformation said that a great deal of work has been done by the Corporate Engagement and Consultation Board to review the process following last year's public consultation exercise and to ensure that the Council is aware of, and makes use of new ways of engagement and consultation with Anglesey's citizens at all levels.

The Committee considered the proposed Financial Proposals Consultation/ Communication Plan and made the following points –

- The Committee sought clarification of how the Council monitors and remains up to date with comments made via Facebook and Twitter.

The Head of Corporate Transformation said that responding to comments made via social media channels is an integral part of the work of the Council's Communications Unit. As regards the financial proposals, the intention is to ask a range of questions which respondents will be asked to indicate whether they agree or disagree thereby enabling the Council to obtain a better gist of what citizens feel about particular proposals. This element of the consultation is therefore fairly easy to track and collate. The Communications Unit is also used to dealing as part of its day to day work, with more lengthy responses to Council matters and such responses to the financial proposals will be dealt with in the normal way.

- The Committee noted that the Council had conducted a review of last year's budget consultation process to see what worked and what could be improved. The Committee sought clarification of the conclusions arrived at and the improvements implemented as a result of the review exercise.

The Programme and Business Planning Manager said that in considering this year's Budget consultation plan at its meeting on 12 September, 2017, the Engagement and Consultation Board noted that engagement with and responses by the Council's partners could be improved. To that end there will be emphasis on getting together a Partner's Forum so that this discussion can take place on the basis that as the public sector in totality continues to operate within an increasingly challenging financial environment, it is important to be able to collaborate to ensure the best possible responses. Also, as part of this year's exercise, the Council will go out weekly with a series of specific and targeted questions for Anglesey's citizens including on Facebook and other social media; this in itself is a new and improved approach on that undertaken in previous years which essentially involved going out to the public with the proposals wholesale.

- The Committee noted that it is the Council's intention to try to consult with all stakeholders. The Committee also noted that engaging effectively with harder to reach groups is a challenge; the Committee sought clarification therefore of the steps the Council has taken to identify those groups and the measures it has put in place to engage with them.

The Programme and Business Planning Manager said that engagement and consultation development work undertaken by the Corporate Engagement and Consultation Board has led to a strong partnership with Medrwn Môn and specifically within that organisation, with the Local Voices project which provides a link to harder to reach stakeholders. As a result of this partnership, and this forum in particular, the Council is in a better position to be able to garner the views of these individuals whose voice might not otherwise be heard.

- The Committee noted that as part of the Consultation Plan, comments will be presented through children and young people's workshops. The Committee sought assurance that these workshops are provided with the necessary information to enable the participants to offer a considered view on the Council's proposals.

The Head of Corporate Transformation said that Llais Ni together with several other partners is a permanent member of the Council's Corporate Engagement and Consultation Board which ensures that the Council's perspective on engagement and consultation is as encompassing and thorough as possible.

The Chair said that Llais Ni (Anglesey's Youth Council) visits the Council once a year (at Budget setting time). It was his view that these visits should occur at least

twice a year as a matter of good practice and should involve regular engagement with Scrutiny and the Executive.

- The Committee noted that in some previous years it has been a criticism of the consultation plan that it is couched in language that is sometimes difficult to understand and that the level of detail is not sufficient to explain what some proposals mean nor what they entail.

The Programme and Business Planning Manager said that the feedback from last year's consultation plan indicated that the public found certain proposals to be unclear. The Committee's views are sought as to how clear and comprehensible it finds this year's draft consultation plan.

Having considered the Plan, and having been satisfied on the points of clarification raised, the Committee was happy to recommend its implementation to the Executive. **It was resolved to agree to the proposed Budget Consultation Plan for 2018/19 and to recommend its adoption by the Executive.**

#### **NO ADDITIONAL ACTION WAS PROPOSED**

#### **4 FINANCE SCRUTINY PANEL**

The report of the Scrutiny Manager providing a progress update on the matters considered by the Finance Scrutiny Panel at its meetings held on 17 August and 29 September, 2017 was presented for the Committee's consideration.

The Head of Function (Resources) and Section 151 Officer reported that the Panel was established to enable a group of Scrutiny Members to delve into financial matters in greater depth than the parent Committee's schedule and work programme are able to allow, and to thereby develop a better understanding of the narrative behind the budgetary and financial data that is presented. The Panel has met on three occasions hitherto and whilst it is still early in terms of this process, the panel is seen as a positive step forward in developing scrutiny work.

Councillor Dafydd Roberts, a Partnership and Regeneration Scrutiny Committee representative on the Finance Scrutiny Panel said that the Panel has concentrated on Budget monitoring and, having analysed the 2017/18 Quarter 1 report on the Revenue Budget, it has flagged up the overspends in Children's Services and the Learning Service as areas of concern and has asked the respective Heads of Service to provide an explanation of the mitigation measures that are being taken to address the situation. The Panel has also scrutinised the Medium Term Financial Plan, in particular the principles and assumptions underlying the plan for the next three years. At its most recent meeting held on 25<sup>th</sup> October, the Panel looked at the annual budget setting process including scrutinising in detail the initial budget proposals.

The Committee noted the report back provided by the Finance Scrutiny Panel and noted also that the Panel is following through on the concern it has expressed with regard to aspects of budget management in Children's Services and the Learning Service. The Committee referred to the Council's annual energy consumption and energy expenditure and asked whether any work was being done in this area. The Committee noted that this could be a productive area for scrutiny especially in terms of the potential for efficiency savings, energy being one of the largest controllable overheads in the Council's buildings.

The Head of Corporate Transformation said that the Council does have a recently adopted Energy Management Strategy which is regularly reported upon to the Corporate

Land and Building Assets Group to ensure progress against the energy efficiency plan is made and that energy efficiency is a key consideration in planning for future assets.

The Chair said that he would endeavour to ensure the matter is given consideration as the Committee's Forward Work Programme allows.

**It was resolved –**

- **To note the progress made to date with the work of the Finance Scrutiny Panel.**
- **To note that processes pertaining to budget monitoring for 2017/18 and budget setting for 2018/19 appear to be on track.**
- **To note the concern expressed by the Panel regarding the overspend in Children's Services and the Learning Service and to endorse the follow-up action taken by the Panel to establish what remedial steps are being taken to address the overspend.**
- **Based on the assurance provided by the Panel, to recommend to the Executive that the principles and assumptions underpinning the proposed Medium Term Financial Plan are robust and based on the best available information.**

**ADDITIONAL ACTION PROPOSED: Scrutiny Manager in consultation with the Chair and Vice-Chair to consider how Energy Management might be incorporated for scrutiny within the limitations of the Scrutiny Work Programme.**

## **5 EXCLUSION OF PRESS AND PUBLIC**

The Committee considered adopting the following provision:

"Under Section 100 (A)(4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the Public Interest Test presented."

The Head of Function (Council Business)/Monitoring Officer advised that the discretion whether or not to exclude the press and public from the meeting during the discussion on the initial 2018/19 Budget proposals is a matter for the Committee. The report on the initial Budget proposals has not yet been published and it is recommended by Officers that it is not published for the purpose of this meeting of the Committee nor should the discussion on the matter take place in public at this point. The Officer said that in applying the Public Interest Test, there are two elements to be considered, namely –

- Whether the contents of the report contains any statutory grounds on which there should be an exclusion. As the Public Interest Test indicates there are two statutory grounds on which the Committee can consider whether or not to exclude the press and public in this instance, viz. statutory ground 15 of Schedule 12A to the Local Government Act 1972 which means the report contains information which refers to employment matters which could result in consultations or negotiations or contemplated negotiations or consultations regarding labour relation matters, and statutory ground 13 which refers to information within the report which is likely to reveal the identity of an individual. The report refers to discussions which may have an impact on two groups of individual staff members if the Council was to go ahead with the proposals. The groups are relatively small and are therefore identifiable and hence fall into category 13. Should the Full Council take forward the recommendations in the report then there would have to be consultation/negotiation with the two affected groups of staff.
- The public interest in disclosing the information bearing in mind the two factors above. The final decision will need to be discussed with staff before the proposal is published for discussion. At this stage the proposals are consultative only and those relating to

staff may not be part of the proposed proposals. It therefore follows that individual groups of staff should not be put to concern over these proposals unless or until they become an integral feature of the final budget. The budget proposals will be disclosed in due course and by then the individuals concerned will have had an opportunity for consultation. It is important that staff learn of any such proposals from the Council itself and not from the media. Also, Members will be able to explore and discuss the options and proposals in a more free and open way in a closed session than they otherwise would if the public was present.

**Having regard to the advice provided above, it was resolved under Section (A) (4) of the Local Government Act 1972 to exclude the press and public for the discussion on item 6 on the agenda on the grounds that it involves the disclosure of exempt information as defined in Schedule 12A to the said Act and in the Public Interest Test as submitted.**

## **6 2018/19 BUDGET SETTING – THE PROCESS SO FAR**

The report of the Scrutiny Manager outlining the context to the 2018/19 budget setting process was presented for the Committee's consideration. The report incorporated at Appendix 1, the report of the Head of Function (Resources) and Section 151 Officer on the initial proposals for the 2018/19 budget. The paper provided a position statement on the following matters –

- The Executive's initial budget proposals
- Welsh Government's initial settlement for Local Government
- Council Tax
- The reserves and general balances position
- Savings proposals
- Budget pressures and priorities
- Risks
- Impact on the Medium Term Financial Plan

The Portfolio Member for Finance reported that the report above brings to a close the first stage of the budget setting process which has been an internal process conducted within the Council. This has involved significant input by Officers and Elected Members in service review and budget workshop meetings where every savings proposal has been scrutinised, discussed and challenged. This preparatory work has not been easy especially as there remains a funding shortfall of approximately £2m on the standstill budget taking into account all the various financial pressures the Council is facing in relation to pay inflation, general inflation, the national living wage increase; reduction in grant funding and energy costs inflation. The schedule of savings proposals, whilst considerable does offer options, and thereby affords an element of flexibility as regards the decisions that have to be made.

The Council is required to present a balanced budget for 2018/19; this is also important in terms of ensuring the Council remains resilient to the financial challenges in the subsequent years. The initial budget work reflected in the Medium Term Financial Plan approved in September, 2017 estimated that the total savings required over the period from 2018/19 to 2020/21 would be £8.6m. It was also projected that the funding gap in 2018/19 would be £4m requiring services to identify budget savings of 4%. Consequently, Heads of Service identified potential savings of £3.296m.

The provisional local government settlement announced by Welsh Government on 10<sup>th</sup> October, 2017 although better than expected still represents a 0.1% reduction on the sum allocated to Anglesey the previous year. Having regard to all the known changes in the budget including staff pay increments, inflation, pay award, grants and new responsibilities,

the funding needed to maintain a standstill budget has increased from £126m in 2017/18 to £132m for 2018/19. The written statement made by the Welsh Government's Cabinet Secretary for Finance and Local Government also made reference to the provision within the settlement of an additional £100m on an all Wales basis for the school and social care elements of the settlement (£62m and £42m respectively). However, it is not explained how these figures have been arrived at nor the sum apportioned to Anglesey. It is clear from the figures that the stated additional provision has not as yet translated into additional cash funding for local authorities.

The Council therefore will itself have to meet all the additional pressures in order to balance service budgets either through cutbacks, increasing fees and charges or through further efficiency savings on top of the 4% increase in Council Tax provided for in the Medium Term Financial Plan. However, it is proposed to consult with the public on an additional 1% increase in Council Tax and for the £338k extra funding this would generate to be earmarked to respond to demand pressures within Social Services where expenditure on looked after children and associated out of county placements is overrunning the budget.

The Head of Function (Resources) and Section 151 Officer said that although the provisional settlement was better than anticipated the climate of austerity still prevails and the need for the Council to identify and implement savings has not gone away. Whilst the potential budget shortfall in 2018/19 is now £2m rather than the £4m originally forecast in the MTFP, the prognosis for 2019/20 is not so good. Whilst the provisional settlement for 2018/19 indicates that the potential settlement for 2019/20 will see a further reduction of 1.5% which is in line with the assumption made in the original Plan, the position with regard to pay related changes and their impact on the budget is now worse than expected i.e. incremental increases in the National Living Wage and possible removal of the 1% cap on the public sector pay award. These will put additional pressure on the budget in 2019/20. The Medium Term Financial Plan has been revised to reflect the lower planned savings requirement of £6.8m over the next three year period which still remains a substantial and challenging sum. The savings proposals as presented allow for some flexibility and in total they come to £3.3m where the requirement for 2018/19 is now £2m. However, should the Council decide to maximise these savings in 2018/19 it would help ease the burden on the 2019/20 budget.

Councillor Dafydd Roberts reported that the Finance Scrutiny Panel had at its meeting on 25 October, 2017 given consideration to the annual budget setting process and had noted the following –

- That an increasing amount of revenue grants are being transferred into the local government settlement (£91.7m in 2018/19). For Anglesey, the value of the grants transferred in 2018/19 is £2.343m meaning that actual settlement for Anglesey is not as good as it first seems.
- That the assumptions on which the budget is based are robust and realistic and the risks have been well considered.
- Whilst consulting with the public on the basis of a 5% increase in the Council Tax is not going to be easy, the Panel agreed with the principle that the General Reserves Fund should not be used to reduce the level of Council Tax increases.
- The Panel was not unanimous in agreeing that the funding generated by the proposed additional 1% increase in Council Tax should be earmarked for Social Services. If the financial situation requires a Council Tax increase of 5% then there is a case to be made that the additional 1% increase should be un-hypothecated and available across the board.

The Committee considered the information presented and it made the following points –

- The Committee sought clarification of the impact of the initial proposed savings on Anglesey's residents and the services they are provided with. The Leader of the Council said that whilst some of the proposals will have an effect on schools, it is considered that this is the last budget that will not have a direct or tangible impact on residents given that no closure of a facility or termination of a service is proposed. The 2019/20 budget is likely to pose much more of a challenge because of the added pressures on pay budgets which are not quantifiable at this stage.
- The Committee noted that the impact in 2019/20 is likely to be more acute if the Council decides to use the better than expected settlement to reduce the Council Tax increase and/or the 2018/19 savings requirement. **Better to seek to deliver the proposals in full in order to mitigate the effects in 2019/20 and strengthen the Council's resilience to future challenges.**
- The Committee sought clarification of the potential incorporation within the budget of £125k for the Energy Island Team as a continuation of the £125k provided in 2017/18 since removed from the standstill budget on the basis that no further authorisation was given by the Executive. The Leader of the Council said that bringing this funding into the budget will provide assurance and ensure continuity on the same principle as that adopted by the previous Executive. The funding would be used to co-ordinate the Council's statutory consenting responsibilities and non-statutory activities arising from the proposed major projects for as long as the team is required.
- The Committee sought clarification of the funding generated by the second homes premium and suggested that this should not be part of the revenue budget. The Head of Function (Resources) and Section 151 Officer said that the budget was originally set at £564k whilst the actual additional debit raised by the premium was £984k with this figure remaining fairly constant since the start of the financial year. The figures show that the majority of taxpayers required to pay the premium have done so; however, the proposal is to increase the budget to 80% of this figure to accommodate the risk that the funds raised by the premium will reduce.
- **The Committee had reservations about earmarking the proposed additional 1% increase in the Council Tax to Social Services on the grounds firstly that the Service has been requested to produce mitigating measures to counter the overspend and should be required to report on these; secondly knowing that additional funding has been ringfenced for Social Services might mean there is less of an incentive for the service to produce mitigating measures, and thirdly providing protection for a particular service is unfair to other services which have no such safety net. If there is pressure on Social Services nationally and specifically Children's Services because of increased demand, then approaches should be made to Welsh Government via the WLGA.**

The Chief Executive said that the number of children which the Authority looks after has increased from 80 in March, 2015 to 142 currently, and although it has since stabilised, the risk of further increase remains. This pattern is replicated nationally and there have been discussions at a regional level about raising the matter with Welsh Government. The consensus at present however is that the matter should be considered further. Social Services and specifically Children's Services, are aware that the matter needs to be tackled and in particular the issue of specialised out of county placements the costs of which can be significant. A single such placement can cost up to £250k per annum and has an associated effect on the cost of education provision. The service has reviewed every placement and in response to the Finance Scrutiny Panel, is preparing a paper on out of county placement costs in Children's Services as well as the Learning Service; the paper also seeks to identify the reasons for the overspend in this area and what measures can be taken. This is not an easy task given that this is a statutory responsibility and a demand led budget which makes it all the more difficult to project expenditure with any degree of reliability.



- The Committee noted that the proposals could impact negatively on schools particularly those schools which have minimal reserves and may have to review their staff budget in order to meet any additional requirements. This in turn could have an impact on education standards at a time when the Authority is focusing on raising school standards and performance. The Head of Function (Resources) and Section 151 Officer said that once the schools quantum has been reduced the cuts are then applied according to formula and cannot be weighed or targeted to individual schools. Nevertheless, the primary sector in Anglesey has the highest level of reserves overall in Wales although within the sector individual schools may have a budget deficit.
- **The Committee sought clarification of the proposal to delegate more of the repairs and maintenance budget to schools.** The Head of Learning said that the intention is to reduce that part of the repair and maintenance budget held centrally and to delegate more of the funding to schools so that they have greater control over how their repairs and maintenance needs are met leading to potential savings for them. **The Committee suggested that the proposal could be better explained before it is presented to the public. The Committee further suggested that in the interest of clarity and to avoid misunderstanding, the first reference to school breakfast club at line 6 of the proposals be amended to read “child care” club.**
- Whilst the Committee noted that it would have liked to have seen the inclusion within the schedule of more options for generating income for the Council, it was satisfied that overall, the proposals provide a fair, reasonable and appropriate range of options on which to proceed to consult with the public.

Having considered all the information presented and having regard to the views expressed, the Committee resolved to recommend the proposed budget savings for 2018/19 to the Executive. *(Councillor Aled Morris Jones abstained from voting)*

**NO ADDITIONAL ACTION WAS PROPOSED**

**Councillor Aled Morris Jones  
Chair**