

## THE EXECUTIVE

### Minutes of the meeting held on 6 November, 2017 (BUDGET)

<b>PRESENT:</b>	Councillor Llinos Medi Huws (Chair) Councillor Ieuan Williams (Vice-Chair)  Councillors Richard Dew, John Griffith, Carwyn Jones, R. Meirion Jones, Alun Mummery, R.G.Parry, OBE, FRAGS
<b>IN ATTENDANCE:</b>	Chief Executive Assistant Chief Executive (Governance and Business Process Transformation/ Statutory Director of Social Services) Assistant Chief Executive (Partnerships, Community and Service Improvement) Head of Function (Resources) & Section 151 Officer Head of Learning Head of Corporate Transformation Regeneration Manager (for item 3) Committee Officer (ATH)
<b>APOLOGIES:</b>	Councillor Dafydd Rhys Thomas
<b>ALSO PRESENT:</b>	Councillors Glyn Haynes, Kenneth Hughes, Eric Jones, Bryan Owen

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#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

#### 2. BUDGET CONSULTATION PLAN

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

The Chair reported that the proposed Budget Consultation Plan is similar to the Plan adopted for the same purpose in 2017/18. The Plan takes a cross sector approach with the intention of presenting citizens' comments through a range of channels and media. The proposed plan has been endorsed by the Corporate Scrutiny Committee at its Budget meeting the previous week; representatives of Llais Ni (Anglesey Youth Council) and the Citizens' Panel were present at the meeting and are now considering how they will contribute to the consultation process. In addition, the Island's youth organisations are considering conducting a collective session instead of meeting separately and the consultation programme will reflect their needs.

The Head of Corporate Transformation said that the Consultation Plan is the product of the work undertaken by the Corporate Engagement and Consultation Board which includes partner representatives such as Llais Ni and Medrwn Môn. The Board has reviewed the public consultation process on the budget from last year and has taken account of comments made by the Corporate Scrutiny Committee with a view to further

improving the process this year. The Officer said that he was confident that in taking this cross-sector approach and through making increased use of social media, it will improve citizen participation and response thereby helping shape the budget for 2018/19. The service has made sure that the resources required to support the plan and to be able to respond to increased input by way of social media are in place as part of this year's process which is a point that was highlighted by the Corporate Scrutiny Committee.

**It was resolved to approve the 2018/19 Budget Consultation Plan to be implemented during the period from the week commencing 6 November, 2017 to 29 December, 2017.**

### **3. THE KING EDWARD CASTLES AND TOWN WALLS WORLD HERITAGE SITE MANAGEMENT PLAN 2018-19**

The report of the Head of Regulation and Economic Development seeking the Executive's approval for the Authority in its capacity as one of the main partners, to be a signatory of the King Edward Castles and Town Walls World Heritage Site Management and Action Plan 2018-2028 was presented.

The Portfolio Member for Major Projects and Economic Development reported that the Plan as presented updates the Management Plan adopted by the Council in November, 2004. There are no new or additional expectations on the Council from the formation of the Management Plan. Beaumaris Castle is a world heritage and cultural site of significant value. CADW has prepared a new draft of the management plan and action plan which covers the period from 2018 to 2028 and which brings together all the responsible parties thereby enabling a co-ordinated response to site management. The objectives of the management plan coincide with several aspects of the Council's work in relation to managing the site around Beaumaris Castle principally in relation to planning, tourism and regeneration but also with some specific aspects pertaining to highways, education and heritage. The Council's Officers have confirmed that the vast majority of the activities associated with the management plan are part of the duties the Authority undertakes as statutory within the existing local planning authority and they will not involve any new financial commitments by the Authority. Bearing in mind the importance of Beaumaris Castle as a cultural and tourist focal point and the resulting economic benefits it brings to the area, he proposed the report to the Executive.

**It was resolved to agree that the Isle of Anglesey County Council be a signatory of the King Edward Castles and Town Walls World Heritage Site Management and Action Plan 2018 to 2028 in relation to Beaumaris Castle.**

### **4. DRAFT REVENUE BUDGET 2018/19**

The report of the Head of Function (Resources) and Section 151 Officer on the draft Revenue Budget for 2018/19 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that the initial draft proposals for the 2018/19 Revenue Budget bring the first phase of the budget setting process to a close. This has involved substantial input by Officers and Elected Members in service review meetings and budget workshops which has resulted in the identification of approximately £3.3m of savings. The preparatory work has been challenging with the Council still facing a potential £2m budget shortfall in 2018/19 taking into account all the various pressures it has to contend with in the form of pay inflation, general inflation, national living wage, reduction in grants and others. The schedule of draft savings proposals contains a number of options thereby allowing some degree of flexibility with regard to the decisions that have to be made. It is important that the Council presents a balanced budget for 2018/19 not least because of the financial challenges that are likely to arise in the subsequent years for which the Council must be prepared. The Welsh Government's announcement of the provisional local

government funding settlement although better than expected for Anglesey, still represents a reduction of 0.1% on the 2017/18 settlement. After all the changes, adjustments and new responsibilities have been considered the standstill budget for 2018/19 is £132.337m, an increase of £6.179m on the 2017/18 final budget meaning that the Council in order to be able to balance the budget, will have to meet all the needs from within the services either through cuts, fee increases or further efficiency savings. The proposals include an increase in Council Tax of 4% plus an additional 1% to fund demand pressures within Social Services. The public consultation on the budget proposals will commence forthwith after this meeting and will last until the end of December; the feedback from this process as well as the final settlement figures by Welsh Government will shape the final budget proposals that will be presented to the Executive, to Scrutiny and thereafter to the Full Council for its approval at the end of February, 2018.

The Head of Function (Resources) and Section 151 Officer said that despite the provisional settlement being better than that projected in the Medium Term Financial Plan meaning that the funding gap is £2m instead of £4m, there remain significant risks to the budget. These include pay related pressures – there are particular pressures on public sector pay and if these are not met by Central or Welsh Government, then the costs will fall to the Council. The current 2017/18 budget is forecast to be overspent by approximately £2m mainly due to demand led pressures in Children's Services; the standstill budget does not make provision for this overspend so work will have to be done to bring the costs of those services which are overspending back into line with the budget. The impact of Brexit on the level of cuts by central government and subsequently on the final settlement will not be known until the Westminster November Budget announcement. Whilst the budget savings proposals total £3.296m which exceeds the £2m shortfall on the 2018/19 budget, the position in 2019/20 is worse than that foreseen in the MTFP. So while Members have some flexibility in deciding on the savings proposals, the savings will ultimately have to be implemented be that in 2018/19 or 2019/20 because the requirement to make savings is ongoing albeit at a total of £6.8m over the next three years rather than the £8.6m noted in the MTFP.

The Chair referred to the meeting of the Corporate Scrutiny Committee held on 31 October which considered the budget proposals and which she had attended. She reported that the Scrutiny Committee whilst seeking clarification of the effects of the savings proposals on Anglesey residents; the potential impact on education and education standards, the provision of £125k for the Energy Island Team; the empty homes and second homes premium as well as expressing reservations about the ring-fencing to Social Services of the additional funding which the extra 1% increase in Council Tax would produce, recommended the savings proposals to the Executive as fair and reasonable proposals on which to conduct the public consultation process.

The Executive considered the proposals and the response from Scrutiny and made the following points –

- The Executive noted that the Council has been trying to do more with less for some years now as the climate of austerity continues. The economic outlook remains uncertain with the implications of Brexit yet to become clear.
- The Executive noted that the £125k allocation towards the Energy Island Team is important in terms of safeguarding capacity within the Council at a critical time in the development of major projects.
- The Executive noted with regard to the proposed additional 1% increase in the Council Tax to be earmarked for pressures in Social Services that it is important that the public understands that Social Services have to respond to demand, and that the calls on the service are often made by vulnerable people. Because it is demand led it is therefore difficult to predict Social Services' spending in advance as unexpected needs can and do

arise during the year. So while the service is noted as overspending, it also needs to be made clear that this in large part is due to the pressure of demand upon it.

- The Executive noted that the Finance Scrutiny Panel is looking at expenditure and budget management in Social Services – in particular Children’s Services.
- The Executive noted that understanding the budget and how it is put together from the various sources of funding available to the Council is at best a complex matter; it is essential therefore that the Council is able to convey the position – and the necessity for savings - to the public as clearly as possible and in order to do this it has to have full and reliable information. The Executive noted therefore that it is not helpful that Welsh Government has stated that additional funding has been included within the settlement for local government to increase the school and social care elements by £62m and £42m respectively when this has not translated into actual additional cash funding for the local authorities.

The Chair said that the matter was raised at a recent meeting of the WLGA where the lack of clarity regarding the allocation of this additional funding was noted. The Head of Function (Resources) and Section 151 Officer confirmed that no further information regarding how the two figures have been arrived at or how/when the funding will be allocated to councils has been forthcoming. The Officer said that he intended to respond formally to the Welsh Government’s statement on the local government settlement and that he could raise this matter as part of his response. The Executive was agreed that the Head of Function (Resources) and Section 151 Officer should seek clarification of Welsh Government regarding Anglesey’s allocation of the additional funding for the schools and social care elements of the settlement.

- The Executive noted that there were other unexplained aspects to the settlement e.g. a reduction in some capital grants notably in relation to waste and transport which then in turn impacts on the revenue budget. The Executive was agreed that the Leader should write to Welsh Government on its behalf to convey its concern about a lack of transparency with regard to these matters as well as the lack of clarity in relation to the additional funding for schools and social care referred to above.
- The Executive noted that it is essential that the consultation process reaches as many of the public as possible and that they are asked to give not only their views on what they see as priorities, but also any suggestions they may have for generating income for the Council which was a point highlighted by Scrutiny.

#### **It was resolved –**

- **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 as set out in paragraph 3.2 of the report.**
- **That grants incorporated into the Aggregate External Funding (AEF) and the additional funding for new responsibilities are allocated to the appropriate budgets as allowed for in the standstill budget as per paragraphs 5.4 and 5.5 of the report.**
- **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 (paragraph 6.1 of the report).**
- **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 as per paragraph 6.5 of the report.**

- To approve the standstill budget for 2018/19 of £132.337m and that this should form the basis of the 2018/19 revenue budget (paragraph 7.1 of the report).
- That the sum allocated to housing projects by means of the empty homes and second homes premium remains at the 2017/18 level as per paragraph 9.2 of the report.
- 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 (paragraph 9.6 of the report).
- That the Executive should seek the opinion of the public on the proposed savings and ask for suggestions for income generation.
  
- That the Head of Function (Resources) and Section 151 Officer in his formal response to the statement on the provisional revenue funding settlement seek clarification of the Welsh Government with regard to Anglesey's allocation of the additional funding of £42m and £62m on an all Wales basis to increase the school and social care elements respectively.
  
- That the Leader of the Council write to the Welsh Government to express the Executive's concern over the lack of transparency in relation to a reduction in some capital grants which have a knock-on effect on the revenue budget e.g. waste and transport as well as the lack of clarity in relation to the stated increase in provision for the school and social care elements as referred to above.

**Councillor Llinos Medi Huws**  
**Chair**