

THE EXECUTIVE (BUDGET)

Minutes of the meeting held on 10 February 2014

PRESENT: Councillor Ieuan Williams (Chair)
Councillor J Arwel Roberts (Vice-Chair)

Councillors R Dew, K P Hughes, A M Jones, H E Jones and
Alwyn Rowlands

IN ATTENDANCE: Chief Executive
Deputy Chief Executive
Director of Lifelong Learning
Director of Sustainable Development
Director of Community
Head of Function (Resources)
Head of Housing Services (Item 7)
Interim Head of Adults' Services (Item 8)
Interim Head of Democratic Services (Item 5.1)
Business Support Unit Manager (Item 8)
Capital and Treasury Accountant (BD) (Items 4 and 5)
Accountant (BW) (Items 4 and 5)

ALSO PRESENT: Councillors Jeffrey M Evans, John Griffith, T LI Hughes,
Victor Hughes, Llinos Medi Huws, G O Jones (Items 5.2),
R LI Jones, R G Parry OBE (Items 5.3) and Nicola Roberts

1. DECLARATION OF INTEREST

The Committee Services Manager declared an interest in Item 5.3 (reference to voluntary redundancy) but remained at the meeting.

2. URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HIS APPOINTED OFFICER

None to declare.

3. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 13th January, 2014, be confirmed as a true record.

4.1 REVENUE BUDGET MONITORING REPORT - QUARTER 3

Submitted - The report of the Head of Function (Resources) on the Council's revenue spending for the third quarter of 2013-14, together with a projected position

for the year as a whole, an overview of available reserves and a review of progress by services in achieving agreed savings (referred to at Appendix A of the report).

RESOLVED

- **To note and monitor the position set out in respect of financial performance to date, the projected year-end deficit, and the actions being taken to address this.**
- **To approve the use of reserves and contingencies to Quarter 3 in 2013/14 as stated in the report in paragraph B3.**

4.2 CAPITAL BUDGET MONITORING REPORT 2013/14 - QUARTER 3

Reported by the Head of Function (Resources) - That this was the capital budget monitoring report for the third quarter of the financial year. Appendix A to the report included a summary of expenditure against the budget up to the end of December. The report drew attention to progress being made, resources, changes and potential changes this year and to any financial risk.

The Portfolio Holder for Finance requested a report back to the Executive in March upon the Smallholdings programme of improvements since the programme continued to run ahead of capital receipts, with a deficit of £1,590k brought forward from 2012-13.

RESOLVED

- **To note the progress of expenditure and receipts against the capital budget;**
- **To approve the virement of £60,000 of economic regeneration capital match-funding from the Cyfenter project to provide match-funding towards the Llangefni and Mona Sites and Premises scheme, Phase 2 (as detailed in Section 3.1.3 and appendix B of the report);**
- **That a report on the Smallholdings Programme be submitted for consideration to the Executive meeting on 17th March, 2014.**

5.1 BUDGET 2014-15 - CONSULTATION ON BUDGET PROPOSALS

Submitted - The report of the Interim Head of Democratic Services providing feedback received from partners, stakeholders and the general public in response to the public consultation on budget proposals for 2014-15.

The budget consultation received a total of 234 responses including those from representative groups. The vast majority of responses received to date (205) focused on proposals to reduce the admission age in schools, this included an on-line petition with 1365 signatures and also a petition with 541 signatures.

The Chair requested the Director of Lifelong Learning to brief the members on the latest position in this respect.

The Director of Lifelong Learning stated that there was a need to identify potential savings as part of the 2014-15 budget formulation process to balance statutory requirements against discretionary provision. The LEA was statutorily obliged to provide 10 hours of education to children of 3 years of age. The LEA currently provided grant funding to Mudiad Ysgolion Meithrin and to the WPPA for this provision.

The saving proposal involved reducing the school admission age to allow admission of children in the term following their 3rd birthday and sought to address the element of duplication. It did not entail reducing the provision but rather delivering that provision through different settings. The proposal may also pose a risk to the provision for children who were 2½ years old in as much as under the new proposed arrangements the funding to MYM groups to cater for children of 3 years of age would be reduced thereby raising the question of the viability of the Cylchoedd in being able to sustain provision for children of 2½ years of age only.

As a result of the concerns raised, a meeting with MYM was convened recently at which it was mutually agreed between both parties that the status quo was unsustainable and that both the LEA and MYM were keen to work together to arrive at a common understanding of what needed to be done. A short term plan was discussed along with the merits of a further dialogue to develop a long term plan to ensure the future of an Early Years provision that was both effective and efficient. The short term plan would need to give priority to financial savings and the WPPA would also be part of those discussions. The proposal to reduce the admission age for schools was one the LEA still wished to consider but the Director was uncertain whether it would be practical to implement the change from the September term.

RESOLVED to take on board the observations received from partners, stakeholders and the general public as part of finalising the 2014-15 budget proposals to the Council.

5.2 BUDGET 2014-15 - SCRUTINY OBSERVATIONS AND FEEDBACK ON THE BUDGET PROPOSALS FOR 2014-15

Reported -That the Executive were requested to consider the contents of the report prior to making their final decisions on the budget proposals for 2014-15. The report had been prepared on behalf of the Corporate Scrutiny Committee, in response to the Executive's draft Budget proposal for 2014-15, outlined in their 16th December, 2013 report.

The Vice-Chair of the Corporate Scrutiny Committee requested the Executive to accept the contents of the report and to take note of the recommendations and observations made therein. He stated that it was pleasing to note the intention for relevant members and officers to commence work on the 2015-16 budget immediately after acceptance of this year's budget on 27th February 2014, which would result in the Council being able to undertake consultation at a far earlier stage in the budget process.

Councillor Bob Parry, OBE forewarned the Executive that the Opposition group would vote against the proposed changes to Early Years provision at Council on 27th February unless discussions thereon had been completed by that time. He also requested clarification that two full-time scrutiny officers would continue to be employed in next year's budget and expressed concern that Council borrowing was increasing every year with resultant high interest charges.

The Portfolio Holder for Finance in reply confirmed that two scrutiny officers were to be retained on the payroll. As regards borrowing, he accepted that the figures were uncomfortably high in the budget at the moment, but explained that this was the way that the Assembly were now steering Councils to act. He mentioned that there would be an opportunity to sell Council property over the next year which would assist as far as borrowings were concerned.

RESOLVED to note the recommendations of the Corporate Scrutiny Committee when preparing the Council budget for 2014-15.

5.3 MEDIUM TERM REVENUE BUDGET STRATEGY AND FINAL REVENUE BUDGET PROPOSALS FOR 2014-15

Reported by the Portfolio Holder for Finance on the proposed final budget proposals together with a review of the medium term revenue budget strategy.

Reported – That the report showed the detailed revenue budget proposals requiring final review and agreement for 2014-15 and the resulting impact on the County Council's budget. These were matters for the Council to agree and the Executive were asked to make final recommendations to the Council. The report also updated the latest Medium Term Financial Strategy which provided a context for work on the Council's future budgets and included the latest information for the efficiency strategy.

The report paid particular reference to the following matters:-

- The Council's Revenue Budget and Council Tax 2014-15 recommendations;
- Consultation on the draft budget proposals (detailed at Paragraph 4.1.1 and 4.3.6 of the report).

Revenue Budget 2014-15

The initial draft revenue budget was presented to the Executive in December 2013 which presented a draft standstill position budget, highlighting a potential gap of £7.661m between the standstill position and the total of the Aggregated Exchequer Funding and 5% increase in Council Tax.

The report also referred to the ongoing work to identify the savings required across all Departments, which would not necessarily be split evenly between all Directorates.

Since the draft budget proposals were presented to the Executive on 16th December 2013 a number of issues had emerged which required amendments to the proposals and these were summarised at Paragraph 4.2.3 of the report. The Executive was requested to confirm these adjustments.

●**Savings** – The Executive were informed on 15 July, 2013 that there was a projected funding gap of up to £7.511m in 2014-15 which equated to a percentage reduction in budgets of 5.4%. Different options for savings profiles were presented, showing the target reductions that would be set at different percentage levels if applied evenly across the board with further columns showing the effect of protection for particular services. The base percentage which produced the required total saving was 7.2%. Following further discussions at Member and Officer level since that date, a final list of proposed savings had been drawn up which was summarised at Paragraph 4.3.5 of the report and set out in detail at Appendix C of the report. The total required from the Services now equated to £7.416m.

Various matters were raised during the scrutiny and consultation process and these were summarised at Paragraph 4.3.6. of the report. In addition, Directorates had carried out further work to prioritise and review their proposals and the revised savings total now stood at £6.263m, a reduction of £1.153m over the proposals submitted to the Executive in December. (Appendix 2 of the report referred).

●**Pressures and Growth** – the report to the Executive on 16th December included allowances for pressures and growth totalling £1.136m and £276k respectively. There had been four changes to these figures and these were detailed at Paragraph 4.4.1 of the report. Further details of growth and pressures were shown at Appendices 3 and 4 respectively.

●**Council Tax** - the standstill position within reports to the Executive assumed a council tax increase of 5%. Each 0.5% reduction or increase was equal to approximately £141k. The proposal in this report was now to increase Council Tax by 4.5%, which would be met by reducing the value of the Corporate Contingency by a corresponding amount. This equated to a weekly increase of 81p over 2013-14 levels.

●**General and Specific Reserves, Contingencies and Financial Risks** - The proposed budget incorporated a number of assumptions in terms of likely levels of income and expenditure in future years. There were, therefore, inevitably a number of financial risks inherent in the proposed budget and the key financial risks were highlighted at Paragraph 4.6.1 of the report. In terms of any contingencies and reserves, the Section 151 Officer needed to review these in their totality in conjunction with the base budget itself and the financial risks which faced the Authority. In addition, this review should incorporate a medium term view where needed and should take into account key developments that may impact on the need and use of one off resources.

The budget for 2013-14 included a planned contribution to general balances of £500k to maintain the level of general reserves at £5m. After making this contribution and the revised forecast addition to balances of £23k in 2013/14, the

level of general balances was likely to be of the order of £6.3m, well ahead of the target threshold of £5m.

There was, however, an identified risk facing the Council relating to the cost of child placements within Social Services in 2014-15 and beyond. To counter this risk, the Executive was asked to approve the use of £300k from General Balances in 2013/14. Consideration should also be given to transfer £1m to reserves, also in 2013/14, to fund potential severance liabilities arising from budget reductions. Overall, the level of general balances would remain at an estimated £5m after allowing for these changes, the approved threshold.

●Robustness of Estimates - Section 25 of the Local Government Act 2003 required the Chief Finance Officer to report on the robustness of budget estimates and adequacy of financial reserves, and required the Council to take account of this report as it adopted its budget. The following different risks to the budget were considered:-

- Inflation Risk.
- Interest Rate Risk.
- Grants Risk.
- Income Risks.
- Optimism Risk.
- Over-caution Risk.
- Salary and Grading Risks.
- Savings Slippage.
- Social Care and Residential Fees.
- Staff redundancy costs.
- Outcome Agreement grant
- Council Tax Support Scheme

●Proposed Budget and Council Tax Level - The table at Paragraph 6.1 of the report showed the available and required budget funding with an increase in Council Tax of 4.5%. In setting Council Tax, the Council needed to be aware of the need to set a balanced budget.

Before the Executive could recommend a budget to Council, it required decisions based around the figures shown in the table. These decisions included:-

- Delete specific savings items;
- Provide additional capacity within services;
- Fund new initiatives and policies;
- Increase the base amount of Council Tax by the proposed level and so balance the budget.

●Equalities Impact Assessments - In delivering its services the Council had to be mindful of its duties to discharge its statutory obligations under the Equalities Act. Commentary on individual proposals was contained within the appendices for growth and savings. Any option which had a significant impact on services would need to be monitored closely by the service.

● **Treasury Management Strategy** - In accordance with the CIPFA Code of Practice on Treasury Management the Council was required to approve the 2014-15 Treasury Management Strategy Statement and Investment Strategy prior to the beginning of the financial year.

● **Updating the Medium Term Revenue Budget Strategy** - The initial budget report to the Executive on 16th December, 2013 updated the Medium Term Financial Strategy for changes in the funding notification from the Welsh Government. These assumptions included a level of pay award and inflation. The table at Paragraph 9.2 of the report was a further update of the medium term financial strategy, which had been updated for the proposed 2014-15 budget together with assumptions for 2015-16 to 2016-17.

● **Links to Council Policies and Priorities** - In drawing up budget proposals, due regard had been given to key Council policies and priorities.

● **Options Available** – detailed at Paragraph 11.1 of the report.

● **Staffing Implications** – detailed at Paragraph 12 of the report.

● **Local Issues** – detailed at Paragraph 13.1 of the report

● **Consultation** – detailed at Paragraph 14.1 of the report.

Councillor A.Morris Jones wished to minute his appreciation to Councillor H.Eifion Jones and to the Head of Function(Resources) and her team for their work in drawing up the Council budget for 2014-15.

RESOLVED

● **To note the formal consultation meetings on the budget as outlined in paragraph 4.1 of the report;**

● **To note the equalities impact assessment summary on the budget proposals in Section 7 of the report;**

● **To agree that, within the proposed budget, schools are given an increase in budget which meets the Welsh Government's pledge for schools' funding as detailed in paragraph 4.1.3 of the report;**

● **To agree the final details of the Council's proposed budget, investments, pressures and savings as shown in Appendices 1-5 of the report;**

● **To note the Section 151 Officer's recommendations that minimum Council Fund Balances be maintained at £5m, the confirmation of the robustness of the estimates underlying the proposals and the adequacy of the General Reserves in the context of other earmarked reserves;**

● **To confirm the adjustments detailed within the table at Paragraph 4.2.3 of the report;**

- **To recommend a net budget for the County Council and resulting Council Tax to Council, noting that a formal resolution including the North Wales Police and Community Councils' precepts will be presented to Council on 27 February, 2014;**

- **To authorise the Section 151 Officer to make such changes as may be necessary before submission to the Council.**

5.4 CAPITAL PLAN AND TREASURY MANAGEMENT 2014-15

Reported by the Head of Function (Resources) - That as part of the budget process, the Executive was required to make proposals in relation to a capital plan and budget, a Treasury Management Strategy (incorporating the Annual Investment Strategy and the Minimum Revenue Provision Policy) and a suite of prudential and treasury indicators. Draft documents were attached as annexes and this report presented the key points so that the proposals may be presented to the County Council on 27th February. The projects in the current capital budget had been reviewed and no significant change was required.

RESOLVED

- **To note the contents of the report;**
- **To note the recommendations of the Audit Committee in relation to the Treasury Management Strategy Statement;**
- **To endorse the capital plan and budget as the Executive's proposal for next year;**
- **To endorse the contents of, and assumptions and proposals made within, the Treasury Management Strategy Statement (including the Prudential and Treasury Indicators) for 2014/15.**
- **That authority be given to the Head of Function (Resources) to complete this documentation in conjunction with the Finance Portfolio Holder for determination by Council on 27th February, 2014.**

6. CORPORATE SCORECARD 2013/14 - QUARTER 3

Reported by the Portfolio Holder, Councillor Alwyn Rowlands - That the Corporate Scorecard was developed to identify and inform readers of progress against indicators which explicitly demonstrated the successful implementation of the Council's day to day work.

The Portfolio Holder also reported verbally upon the Corporate Scrutiny Committee's observations of 3rd February, 2014 and made particular reference to the requirement for Services to comply with corporate sickness policies including return to work interviews.

Councillor A. Morris Jones wished to minute his appreciation to the Section for their work in this respect.

RESOLVED to note the contents of the report and to also note the observations of the Corporate Scrutiny Committee on 3rd February, 2014.

7. HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

Submitted - The report of the Head of Housing Services seeking Executive endorsement to the Housing Revenue Account 30 year Business Plan and discussion on key considerations for the future, post exiting HRA subsidy system, planned for 2014/15.

Members considered that they should receive a report on the options available for building affordable housing which may include the Council building homes in the future and on the consequences of suspending the Right to Buy initiative for 5 years. Both reports should be evaluated by the relevant Scrutiny Committee prior to consideration by the Executive.

RESOLVED

- **To note the contents of the 30 year HRA Business Plan;**
- **To engage in an early discussion around the key issues highlighted from the Plan;**
- **That the Head of Housing Services be requested to report back to the Executive in due course on the options available for building affordable housing which may include the Council building homes in the future;**
- **That the Head of Housing Services be also requested to report back to the Executive on investigating the consequences of suspending the Right to Buy initiative for the next 5 years.**
- **That both the above reports be considered by the relevant Scrutiny Committee prior to consideration by the Executive.**

8. CHARGES FOR COMMUNITY CARE SERVICES 2014/15

Submitted - The report of the Interim Head of Adults' Services seeking Executive approval for the charging policy in respect of community based services for 2014/15.

RESOLVED to endorse:-

- **Home Care charges outlined in paragraph 4.4.2 of the report;**
- **Charges for meals in day services outlined in paragraph 4.5.2 of the report;**
- **Charges for Telecare services as outlined in paragraph 4.7.3 of the report;**

- Freezing of Direct Payments rate at £10.50 / hour as outlined in paragraph 4.8.3 of the report;
- Maintaining a charge of £10.00 for administration in relation to Blue Badge requests and replacements.

The meeting concluded at 11.05 am

**COUNCILLOR IEUAN WILLIAMS
CHAIR**