

THE EXECUTIVE

Minutes of the meeting held on 13 January 2020

- PRESENT:** Councillor Llinos M Huws (Chair)
Councillor Ieuan Williams (Vice-Chair)
- Councillors R Dew, Alun Mummery, Bob Parry OBE FRAGS,
Robin Williams
- IN ATTENDANCE:** Chief Executive,
Deputy Chief Executive,
Director of Function (Resources)/Section 151 Officer,
Director of Function (Council Business)/Monitoring Officer,
Director of Education, Skills and Young People,
Committee Officer (MEH).
- ALSO PRESENT:** Councillors Richard Griffiths, Glyn Haynes and Aled M Jones.
- APOLOGIES:** Councillors Carwyn Jones, R.Meirion Jones, Dafydd Rhys Thomas.

The Chair extended her condolences to Councillor Carwyn Jones and his family on their recent bereavement.

1 DECLARATION OF INTEREST

None received.

2 URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HER APPOINTED OFFICER

None to report.

3 MINUTES

The minutes of the previous meeting of the Executive held on 16 December, 2019 were presented for the Executive's approval.

It was RESOLVED that the minutes of the previous meeting of the Executive held on 16 December, 2019 were confirmed as correct.

4 DRAFT REVENUE BUDGET 2020/21

The report of the Director of Function (Resources)/Section 151 Officer incorporating the draft Revenue Budget for 2020/21 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that whilst the budgetary position for 2020/21 is better than anticipated due to an increased provisional settlement by Welsh Government the financial circumstances remain challenging. The settlement, in real terms, is only in

comparison to the level of Welsh Government provision in 2012/13. He further reported that Welsh Government assumes that local authorities in Wales are to increase the Council Tax level of 7.1% so as to balance the budget even though a better settlement has been afforded. The Council's reserves have reduced so as to meet cost pressures in areas where the demand has been and continues to increase in statutory services such as Adult Services and Education. The Portfolio Holder considered that these services base budget may need to be reviewed. He further said that he advised the Corporate Scrutiny Committee held this morning and wished to expressed to the Executive that a prudent approach need to be undertaken in terms of making recommendations with regard to the 2020/21 Revenue Budget.

The Director of Function (Resources)/Section 151 Officer outlined in detail to the Committee the sections within the report on the proposed revenue budget for 2020/21. The following matters were highlighted and reported upon:-

- The budget is prepared on the basis of the assumptions set out in the Medium Term Financial Plan approved by the Executive in September, 2019. These have been taken into account in calculating the standstill budget for 2020/21;
- The committed changes and adjustments made to the budget were set out in paragraphs 3.1 to 3.10 of the report;
- A number of contingency budgets are built into the budget to cover fixed term costs, potential risks that may require funding during the year were set out in paragraphs 4.1 (Table 1). The improved financial position in 2020/21 allows the Council to reduce the Salary and Grading Contingency as it is not expected that it will be necessary to make significant reductions in staffing numbers in 2020/21;
- Staff costs – there is uncertainty as regards to the Teachers pay award commencing September 2020 and non-teaching staff as from April 2020 – this is a risk to the budget of the Council with every 1% increase in the non-teaching pay award equating to an additional budgetary burden of £450k in costs;
- Increased demand for Adult Social Care, with rising numbers of clients across all service types and for 2019/20 the Service is expected to exceed its budget by £1.21m. The estimated net overspend for Adult Social Care, after allowing for 2 additional Welsh Government grants is £980k and this sum has been identified as the minimum additional funding required to address the budget shortfall. However, only 1 grant (Social Care Workforce and Sustainability Grant), has been confirmed for 2020/21 and whether the Council will once again receive the Winter Pressures Grant in 2020/21 is yet to be confirmed;
- Costs of school transport has exceeded the allocated budget for a number of years due to an increased demand and costs still exceed the budget by £250k and without a correction of the budget in 2020/21 this budget will overspend;
- A reduction of £800k was planned to the delegated schools budget but this was deferred for one year and funded from the additional Teachers Pay Grant and 50% of the Teacher's Pension Grant. These grants have now been transferred into the settlement and would allow the Executive to reverse the budget reduction decision if it chooses to do so;
- Based on all of the adjustments and assumptions the standstill budget for 2020/21 totals £142.203m, an increase of £6.993m on the 2019/20 final budget. The provisional settlement for local government in Wales announced in December 2019 shows an increase of £237m in the overall level of funding for Wales which is equivalent to a 5.6% increase in cash terms. However, £53.2m relates to grants transferred in and when the effect of these changes are adjusted for the true figure shows an increase in funding of £183.8m which is a 4.3% increase;

- Table 4 within the report shows the impact of various levels of Council Tax increases on Council Tax Band D. An increase of 4.64% in the Council Tax Band would be needed to meet the budget requirement for 2020/21;
- The financial position for 2021/22 is still uncertain and the return of austerity may be seen which will require further savings. £343k of savings have been identified as savings which could be implemented from April 2020 with only a minimal impact on the provision of the Council's services. If the savings were implemented and the funding used to increase the level of general balances or to fund capital expenditure in 2020/21, then this would leave the Council in a better financial position in 2021/22 as implementing either of these options does not increase the revenue budget on a permanent basis nor reduces the funding available.

Councillor Aled M Jones, the Chair of the Corporate Scrutiny Committee reported from the Committee's meeting of 13 January, 2020 to which the Draft Revenue Budget for 2020/21 was presented. He said that the Corporate Scrutiny Committee recommendations to the Executive as follows:-

- that the £800k reduction in delegated schools budget deferred from 2019/20 be not implemented;
- not to raise car parking fees for urban areas to the proposed level;
- the increase in Council Tax for 2020/21 should not exceed 5%.

He further said that the report to the Scrutiny Committee did not contain any information on Council's reserves. The Portfolio Holder for Finance reported that the report on the Council's reserves is not included within the initial budget proposals report but a full report on Reserves and Balances is considered by the Executive prior to it recommending the final budget proposals.

The Executive in noting the information presented wished to thank the staff for their work in preparing the initial budget proposals to the Committee. It was raised as to the uncertainties as regards to Teacher's pay award and pressure it places on the budget proposals on local authorities. The Leader said that WLGA is in negotiations with relevant Union representatives and Welsh Government and it is noted that it is considered that Welsh Government has afforded insufficient funding within the settlement to address the Teacher's pay award. The Director of Function (Resources)/Section 151 Officer said that WG may afford an additional grant, as was afforded last year, to cover the shortfall in the settlement to address the Teacher's pay award. However, he expressed that there is uncertainties at present if such grant will be afforded.

It was RESOLVED :-

- **To approve the Budget adjustments included in the Standstill Budget as set out in paragraph 3 to 7 of the report in Appendix 1;**
- **To approve the standstill budget for 2020/21 of £142,203m and this should form the basis of the 2020/21 revenue budget;**
- **To consult with the public and other stakeholders on a proposed increase in Council Tax for 2020/21 of between 4.5% and 5%;**
- **After allowing for the proposed increase in Council Tax and the savings to be implemented, should any surplus funding be available, the Executive should determine how to use this surplus funding (as noted in paragraph 10.5);**

- That the Executive should seek the opinion of the public on the proposed budget strategy.

5 CAPITAL BUDGET 2020/21

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Capital Budget 2020/21 was presented for the Executive's consideration.

The Portfolio Holder for Finance reported that the Executive is required to propose a capital budget for 2019/20 which will then be presented to the Full Council at its meeting on 10 March, 2020. The report set out the proposed main capital programme for 2020/21.

The Director of Function (Resources)/Section 151 Officer reported in detail to the Committee the main points within report and the following matters were highlighted and reported upon:-

- The current Capital Strategy sets out the principles for the Council in determining its capital programme with each year's capital funding will be allocated to ensure an investment in existing assets i.e. Council buildings, vehicles, IT equipment, highways and roads;
- Reference was made to the capital funding (as shown in Table 1 of the report) which showed the anticipated capital funding available for 2020/21 that the initial local government settlement figures refers to the General Capital Grant and Supported Borrowing. The level of funding under both headings have remained fairly constant over a number of years and are not anticipated to change significantly between the provisional and final settlement;
- The position as regards to the 21st Century Schools capital programme was outlined to the Committee;
- The HRA funding is earmarked for HRA projects only. The plan allows for the use of £5.24m of HRA reserves in 2020/21;
- Reference made to the 2019/20 (committed schemes) as shown in Table 2 of the report, which will carry forward to 2020/21 but an additional £75k match funding will be required in respect of the Holyhead Regeneration (THI Phase II) scheme and it is recommended that this scheme is included in the 2020/21 capital programme;
- Refurbishing/Replacing Existing Assets (as shown in Table 3 of the report) the level of funding continues in 2021/22 and beyond, the Council's capital programme will be limited to the refurbishment and replacement of existing assets;
- Reference made to recommended 'One-Off' capital projects to be funded in 2020/21 (as shown in Table 4 of the report) which totalled £2,174m;
- Paragraph 5.4 of the report highlighted a number of projects which do not require funding in 2020/21 but may need to be funded in 2021/22 or beyond.

Councillor Aled M Jones, the Chair of the Corporate Scrutiny Committee reported from the Committee's meeting of 13 January, 2020 to which the Capital Budget for 2020/21 was presented. He said that the Corporate Scrutiny Committee recommended to support the Capital Programme of £36.903m for 2020/21.

The Leader wished to thank the Finance Scrutiny Panel for their work in respect of both the Capital Budget and Revenue Budget for 2020/21.

The Executive in noting the information presented wished it be recorded that the Council has now a strategy for the maintenance of Council's assets.

It was RESOLVED :-

- To recommend the following capital programme for 2020/21 to the full Council :-

	£'m
2019/20 Schemes Brought Forward	3,294
Refurbishment/Replacement of Assets	5,158
New One Off Capital Projects	2,174
Smallholdings funded from capital receipts	100
21 st Century Schools	9,039
Housing Revenue Account	17,138
Total Recommended Capital Programme 2020/21	36,903

Funded By:

General Capital Grant	2,165
Supported Borrowing General	2,364
Capital Receipts	245
Capital Reserve	500
21 st Century Schools Supported Borrowing	2,680
21 st Century Schools Unsupported Borrowing	3,679
HRA Reserve & In Year Surplus	14,228
HRA Unsupported Borrowing	250
External Grants	7,572
2019/20 Funding Brought Forward	3,219
2020/21 Total Capital Funding	36,903

- That the use of the VAT Leisure reserve and any potential capital receipts from the proposed sale of the golf course are considered by the Executive when the draft Developing Leisure Provision for Future Generations Plan is presented to the Executive. The remaining £32k is carried forward as funding to be used in 2021/22;
- To note the potential future funding requirements for 2021/22 onwards (as noted at Appendix 1, Table 3 and paragraph 5.5).

The meeting concluded at 3.05 pm

**COUNCILLOR LLINOS M HUWS
CHAIR**