

CORPORATE SCRUTINY COMMITTEE

Minutes of the meeting held on 27 February 2020

PRESENT: Councillor Dylan Rees (Vice-Chair) (In the Chair)
Councillor Richard Owain Jones (Vice-Chair for this meeting)

Councillors Lewis Davies, John Griffith, Richard Griffiths, Alun Roberts, Nicola Roberts.

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

Portfolio Members

Councillor Robin Williams (Portfolio Member for Finance)
Councillor R. Meirion Jones (Portfolio Member for Education, Libraries, Culture and Youth)
Councillor Richard Dew (Portfolio Member for Planning and Public Protection)
Councillor R.G. Parry, OBE FRAGS (Portfolio Member for Highways, Property and Waste)

By Invitation: Councillor Dafydd Roberts (Chair of the Finance Scrutiny Panel), Councillors Kenneth Hughes, Eric Jones, Peter Rogers

IN ATTENDANCE: Chief Executive
Director of Function (Resources)/Section 151 Officer
Director of Education, Skills and Young People
Head of Service (Highways, Waste and Property)
Head of Children and Families' Services
Scrutiny Manager (AGD)
Committee Officer (ATH)

APOLOGIES: Councillors Aled Morris Jones (Chair), Bryan Owen J. Arwel Roberts, Mrs Anest Frazer (Co-opted Member), Councillor Llinos Medi (Leader and Portfolio Member for Social Services), Councillor Dafydd Rhys Thomas (Portfolio Member for Corporate Services)

ALSO PRESENT: Head of Democratic Services

In the absence of the Chair, Councillor Dylan Rees the Committee's Vice-Chair chaired the meeting. Councillor Richard Owain Jones was elected to serve as Vice-Chair for this meeting of the Corporate Scrutiny Committee.

1 DECLARATION OF INTEREST

No declaration of interest was received.

2 MINUTES OF THE PREVIOUS MEETINGS

The minutes of the previous meeting of the Corporate Scrutiny Committee held on 13 January, 2020 and the extraordinary meeting held on 14 January, 2020 were presented and were confirmed as correct.

3 2020/21 BUDGET SETTING PROCESS - FINAL DRAFT REVENUE BUDGET PROPOSALS

The report of the Scrutiny Manager on the context to the budget setting process was presented. The report incorporated at Appendix 1, the report of the Director of Function (Resources) and Section 151 Officer on the initial proposals for the 2020/21 Revenue Budget which had been submitted to the Committee at its 13 January, 2020 meeting. Attached at Appendix 2 was the report of the Head of Profession (HR) and Transformation Service summarising the main messages from the public consultation on the initial draft revenue budget proposals.

The Director of Function (Resources)/Section 151 Officer updated the Committee on the budget position following the announcement of Welsh Government's final funding settlement on 25 February, 2020 as follows –

- **Final Budget Settlement from Welsh Government**

- That an initial standstill budget of £142.147m was approved by the Executive on 13 January, 2010. Since the completion of the initial budget proposals, further work has been undertaken to review and revise the standstill budget and some minor adjustments have been made totalling an additional £28k bringing the revised standstill budget requirement to £142.175m.

- That some Welsh local authorities as well as the WLGA have unsuccessfully made representations to Welsh Government requesting that a settlement floor be set so that no council would receive less than a 4% funding increase – whilst Anglesey's funding increase was 3.8%, a 4% increase would have meant an additional £200k to the Authority.

- That Welsh Government on 25 February published its final settlement for Welsh Councils. The published figures were unchanged from the provisional settlement meaning that Anglesey will receive £101.005m as AEF for 2020/21. After taking the final settlement figure into account, the revised budget requirement of £142.175m would require £41.172m in Council Tax funding leading to a minimum increase of 4.58% in the level of Council Tax.

- That the proposed budget incorporates a number of assumptions as regards likely levels of income and expenditure in future years. There are therefore a number of risks inherent in the proposed budget. Two of the main risks are centred on the demand for services and on the staff pay award. There has been an increase in the demand for services over recent years especially in Adults' Services, Children's Services and specialist education services and these increases have put a financial strain on the Authority resulting in significant budget overspends. With regard to staff pay, the teachers' pay award up to September, 2020 has been agreed and the required sum included in the budget proposals. The pay award for the period September, 2020 onwards has not and although a 2% increase has been allowed for, this may not be sufficient. The non-teaching pay award which is effective from 1 April, 2020 has not been agreed. The Employers have offered a 2% increase but the Unions are seeking a 10% increase. Additional funding has been included in the budget to cover a 2% pay rise. However, each 1% above this rate increases the annual cost by approximately £450k.

- Other risks include realising income targets; whether grant funding which supports a good proportion of Council spending continues, is reduced or ceases altogether; inflation and interest rate levels and Council Tax income which cannot be estimated due to constant in year changes in the tax base.

- That the outcome of the public consultation on the initial budget proposals which ran from 15 January to 7 February reflects a broad agreement with the proposals to invest

in Adults' Services as a response to an increase in demand; to protect the schools' budget by not implementing the £800k cut that was postponed in 2019/20 and to implement the savings proposals made by services but shows also that there is overall opposition to raising the Council Tax between 4.5% and 5% in order to provide the necessary funding (69.88% against and 30.12% in favour from 83 respondents). There were some views that questioned certain proposals e.g. the value of increasing car parking charges and the need to increase the Council Tax by above inflation rates year on year. Generally, there were no surprises from the public consultation exercise.

In response to questions about how the public consultation exercise compared with last year's event, the Director of Function (Resources)/Section 151 Officer said although the consultation this year followed the same pattern as previous consultation exercises held in recent years, it was not as extensive as in past years because of the shortened timescale enforced upon the Council by Welsh Government which might account in part for the reduced responses. Additionally, a high proportion of last year's comments were in response to the increase in the Council Tax Premium which has since been implemented and remains unchanged for this year. Those who attended the separate sessions held with the Town and Community Council Forum; with young people via the Young Farmers and Urdd forums and with Head Teachers and Senior Managers were appreciate both of the opportunity to comment and to learn more about how the Budget is put together and how it is funded by a combination of the Revenue Support Grant, other Welsh Government grants; business rates and Council Tax.

The Committee noted that Welsh Government had not acceded to requests to consider setting a settlement floor which would have ensured that all councils would have had a funding increase of not less than 4% and was agreed that its disappointment at this decision should be formally recorded.

- **Council Tax**

The Council's Band D Council Tax charge for 2019/20 was £1,248.57 which was lower than the Welsh average and placed it 16th from the 22 authorities in Wales. When compared with the other 5 North Wales authorities, Anglesey has the lowest Band D charge apart from Wrexham. However, due to variations in the tax base across authorities in Wales because of the differences in the number of dwellings in each valuation band, this is not a like for like comparison. Anglesey's proposed increase of between 4.5% and 5% in the Council Tax for 2020/21 is in line with what the majority of councils in Wales are proposing.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel reported from the Panel's meeting of the 20 February, 2020 and due to there being no changes between the draft and final budget settlement, reiterated the Panel's recommendations with regard to limiting the increase in Council Tax to no more than 5%; implementing savings proposals to the value of £343k with the exception of town site parking fees and providing an element of protection for school budgets. In view of the number of unknowns which pose a risk to the 2020/21 Budget such as staff pay award costs and service demand levels, the Panel had highlighted the importance of making appropriate provision to be able to respond to difficult to quantify risks in the draft budget; to put steps in place to bring the General Reserve Fund back to an appropriate level and in light of the uncertainty around future years' funding, to incorporate an element of flexibility in the 2020/21 Budget. As the capital budget remains unchanged from the initial draft position, the Panel had recommended adoption of the Capital Budget for 2020/21 as presented and likewise recommended that the Corporate Scrutiny Committee takes account of the public consultation in coming to a view on the draft final budget proposals to be recommended to the Executive. Councillor Dafydd Roberts further confirmed that the Finance Scrutiny Panel will be looking more closely at

the comments made in the public consultation exercise as part of its in-year work programme.

- **Budget Options and the Impact on the level of Council Tax Increase**

The Director of Function (Resources)/Section 151 Officer provided the Committee with the following budget options and showed by way of a spreadsheet presentation how implementing them/not implementing them would affect by how much the Council Tax would have to increase -

- *Providing additional funding of £980k to respond to the increase in demand in Adults Services (+1.74% increase in Council Tax)*

The Committee was supportive of this proposal.

- *Reversing the £800k reduction in the schools delegated budget postponed from 2019/20 (+3.77% increase in Council Tax)*

The Committee was supportive of this proposal.

- *Implementing the budget savings as proposed (total value £343k)*

The Committee although supportive of the savings package, debated the merits of implementing the proposed increase in car parking charges particularly for town centre sites on the basis that doing so could be counterproductive resulting in less people visiting town centres thereby affecting local businesses and the Island's economy but was also mindful that some opposition to increasing car parking costs at coastal locations had been voiced in the public consultation. The Head of Service (Highways, Waste and Property) provided the Committee with an analysis of car parking charge options based on the findings of a steering group which evaluated car parking charge increases of 2%, 5% and 10% (as part of the overall objective of increasing service fees) for both coastal and town centre parking. Having considered the various options and their impact on the budget and level of Council Tax increase and following a vote thereon, the Committee was in favour of not increasing car parking charges for town centre sites (value approximately £30k) and of abolishing the 50p tariff (for 30 minutes parking) thereby bringing the total savings budget down to £313k.

- *To use surplus funding to create a risk reserve to meet the risks of additional budget pressures arising from increased demand and/or a higher than budgeted pay award and,*

- *If the answer to the above is affirmative, at what level should the fund be set?*

The Director of Function (Resources)/Section 151 Officer explained that within the standstill budget there is a general contingency of approximately £404k which may or may not be drawn upon during the year. There is also a central contingency to meet the cost of redundancy. The contingency was £400k in 2019/20 but the proposed budget reduces this figure to £150k. The 2020/21 budget does not include staff savings proposals and the delegated schools' budget allows for all additional costs to be funded meaning that schools should not have to reduce teaching numbers significantly. Further, the budget also includes a contingency of £235k for risks meaning there is therefore in-built within the budget a contingency of in the region of £750k to mitigate against emerging risks during the year. The Committee is being asked to consider whether in light of the risks to the budget as reported, this level of contingency funding is sufficient; should the Committee consider that it is not, what further resources does it then propose should be added to the fund. The

Officer clarified that a Council Tax increase of 4.5% would generate an additional £257k for the central contingency fund whilst a Council Tax increase of 5% would enable an additional £455k to be made available for the fund. The Director of Function (Resources)/Section 151 Officer advised that in his professional opinion, bolstering the existing contingency fund would be a prudent course to take given the risks around the 2020/21 budget especially in relation to the staff pay award and given also the Council's level of general reserves which have reduced to an unacceptably low level.

The Committee debated the matter and, on the basis of the risks to the 2020/21 budget especially in relation to the staff pay award, being mindful of the Council's general reserves position and having regard to the advice of the Section 151 Officer, the Committee following a vote, was in favour of increasing the Council Tax by 5% to allow an additional £455k to be put into the central contingency to mitigate against known and potential risks arising during the year.

Having considered all the information presented including the update on the final 2020/21 revenue budget position provided by the Director of Function (Resources)/Section 151 Officer and having particular regard to the risks to the budget as highlighted therein especially in relation to service demand and the potential staff pay award, as well as to the feedback from the public consultation, the Corporate Scrutiny Committee resolved –

- **To recommend to the Executive a 5% increase in Council Tax for 2020/21 on the basis of the following:**
 - **Additional funding of £980k to be made available to Adults' Services as a response to an increase in demand.**
 - **£800k reduction in the Schools delegated budget deferred from 2019/20 to be reversed.**
 - **All budget savings apart from the increase in car parking fees in town centre sites to be implemented and the 50p tariff to be abolished reducing the total budget savings by approximately £30k to £313k.**
 - **Surplus funding to be used to create a risk reserve in order to meet the risk of additional budget pressures arising from increased demand and/or a higher than budgeted pay award.**
 - **The risk reserve fund to be increased by an additional £455k**
- **To express the Corporate Scrutiny's disappointment at the Welsh Government's decision not to agree to a settlement floor that would have ensured a funding increase of not less than 4% for all councils.**

4 2020/21 BUDGET SETTING PROCESS - FINAL DRAFT CAPITAL BUDGET PROPOSALS

The report of the Scrutiny Manager incorporating the report of the Director of Function (Resources)/Section 151 Officer on the initial proposals for the 2020/21 Capital Budget as presented to the Committee's 13 January, 2020 meeting was presented. Attached at Appendix 2 was the report of the Head of Profession (HR) and Transformation Service summarising the main messages from the public consultation on the initial draft capital budget proposals.

The Director of Function (Resources)/Section 151 Office confirmed that apart from updating the figures for slippage from 2019/20, the Capital Budget position remains unchanged from that reported at initial draft stage. The response from the public

consultation to the draft Capital Programme by way of comments was limited with 53% of respondents in agreement with the proposals and 47% not in favour of them.

Having considered the report and the update provided at the meeting, the Committee resolved to reaffirm to the Executive its recommendation of the draft Capital Programme for 2020/21 updated for slippage.

5 ITEM FOR INFORMATION - LIBRARY SERVICE ANNUAL REPORT 2018/19

The report of the Director of Education, Skills and Young People on the Welsh Government's (MALD) assessment of the Library Services 2018/19 Annual Report and the issues arising was presented for the Committee's information.

The Committee noted the following –

- That the Assessment showed the service to be performing well having met 11 core entitlements in full and 1 partially. Of the 10 quality indicators the Isle of Anglesey achieved 7 in full, 1 in part and failed to achieve 2 – a slight reduction on the previous reporting year. However, a change in the reporting/assessment process by MALD rather than a reduction in service has resulted in this change.
 - That performance is broadly maintained in the sixth framework with improvements in some areas and reductions in others. A strong focus on children's services is maintained as is support for the Welsh language and evidence a useful partnership ethos working both with other services in North Wales and local providers.
 - That the service continues to perform well in other areas covered by the entitlements, especially given limitations in resources and staff capacity.
- The Committee noted the Welsh Government's (MALD) assessment of the Library Services 2018/19 Annual Library Report and the issues arising.

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**Councillor Dylan Rees
Chair**