

## THE EXECUTIVE

### Minutes of the meeting held on 18<sup>th</sup> February, 2013

- PRESENT :** Councillor Bryan Owen (Leader)(Chair)  
Councillor K.P.Hughes (Vice-Chair)
- Councillors W.J.Chorlton, R.LI.Hughes, T.Lloyd Hughes,  
O.Glyn Jones, G.O.Parry,MBE, R.G.Parry,OBE.
- IN ATTENDANCE:** Chief Executive  
Deputy Chief Executive  
Director of Community  
Director of Lifelong Learning  
Senior Financial Advisor  
Head of Function (Resources)  
Head of Function (Legal and Administration)  
Head of Service (Finance)  
Head of Service (Policy)  
Head of Service (Highways and Waste Management)  
Head of Service (Housing) (Item 5a only)  
Accountancy Services Manager (TF)  
Communications Officer  
Committee Services Manager
- ALSO PRESENT:** Councillors A. Morris Jones, Eric Jones, A. Mummery, Ieuan Williams
- APOLOGY:** Councillor Selwyn Williams

#### 1. DECLARATION OF INTEREST

None to declare.

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

None to declare.

#### 3. REVENUE AND CAPITAL BUDGET MONITORING REPORT – QUARTER 3

##### (a)Revenue

Submitted – A progress report by the Head of Service (Finance) on the 2012-13 Quarter 3 revenue budget as at 31 December, 2012 with updated projections on corporate and corporate risk budgets. Table A of the report summarised expenditure against the profiled revenue budget for each Service. This was further broken down at Appendix B (expenditure) and C (income). Budget virements requiring approval were detailed at Appendix Ch.

The report emphasised the position on corporate accounts and budgets and drew attention to significant items or trends within service budgets. It also provided a projection of out-turn at a corporate level, which would feed into the 2013/14 budget process. The overall projection was an overspend of £1.9m across a number of services and corporate budgets,

reduced by slippage contingency, unused contingencies and budgets clawed back, giving a projected deficit for the year of £1.0m.

**RESOLVED to note the contents of the report and the improved projections for the year and to confirm the virements shown at Appendix Ch of the report.**

**(b)Capital**

Reported by the Head of Service (Finance) – That this was the Capital Budget monitoring 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.

**RESOLVED to note progress of expenditure and receipts against the capital budget.**

**4. BUDGET AND IMPROVEMENT PRIORITIES 2013-14**

**(a)CONSULTATION ON BUDGET PROPOSALS**

Submitted – The report of the Head of Service (Policy) providing feedback received from partners, stakeholders and the general public in response to the public consultation on budget proposals for 2013-14.

**RESOLVED to take on board the observations received from partners, stakeholders and the general public as part of finalising the 2013-14 budget proposals to the Council.**

**(b)SCRUTINY OBSERVATIONS AND FEEDBACK ON BUDGET PROPOSALS FOR 2013-14**

Reported – That the Executive were requested to consider the contents of the report prior to making their final decisions on the Budget Proposals for 2013/14. The report had been drawn up on behalf of the Corporate Scrutiny Committee and included feedback from each of the 5 respective Scrutiny Committees' discussions on the initial budget proposals for 2013/14. Councillor Ieuan Williams (Scrutiny Champion) requested the Executive to accept the contents of the report and to take note of the recommendations in Section CH.

**RESOLVED to note the recommendations of the Corporate Scrutiny Committee when preparing the Council budget for 2013-14.**

**(c) BUDGET 2013-14 AND THE MEDIUM TERM REVENUE STRATEGY**

Submitted – The report of the Head of Function (Resources) 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 2013-14 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.

The report paid particular reference to the following matters:-

- The Council's Revenue Budget and Council Tax 2013-14 recommendations
- Consultation on the draft budget proposals (detailed at Paragraph 4.1 and 4.3.5 of the report)

### **Revenue Budget 2013-14**

The initial draft revenue budget was presented to the Executive in December 2012 which presented a draft standstill position budget, highlighting a potential gap of £3.450m between the standstill position and the total of the A.E.F. and 5% increase in Council Tax. The report also referred to the ongoing work to identify the savings required at 7% across all Departments.

The standstill budget included a "process contingency" of £500k for issues which had been identified as likely to need additional funding but it was still too early to quantify. (detailed at paragraph 4.2.3 of the report).

Since the draft budget proposals were presented to the Executive a number of issues had emerged which required amendments to the proposals and these were summarised at Paragraph 4.2.5 of the report. The Executive was requested to confirm these adjustments.

● **Savings** – The Board of Commissioners were informed on 23<sup>rd</sup> July, 2012 that there was a projected funding gap of up to £4.3m in 2013-14 which equated to a percentage reduction in budgets of 3.2%. 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 and also showing the effect of protection for schools and social services. The base percentage which produced the required total saving was 7% and was shown at Paragraph 4.3.2 of this report. 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 4.3.8 of the report and set out in detail at Appendix 2 of the report. The total required from the Services now equated to £2.860m.

● **Pressures and Growth** – the report to the Executive on 7<sup>th</sup> January included allowances for pressures and growth totalling £1.3m and £84k respectively. It was decided at that meeting that an additional growth item of £300k in respect of the Energy Island should be added. There had been two developments since the last report in respect of listed pressures, namely a requirement for a further £250k for Looked After Children and a reduction from £200k to £50k for Welfare Reform. The updated table for pressures was detailed at table 4.4.5 of the report. Further details of pressures and growth were shown at Appendices 3 and 4 respectively.

● **Council Tax** - the standstill position within the Executive's report in January assumed a council tax increase of 5%. Each 0.5% reduction or increase was equal to approximately £130k. If the council tax were set at lower than this, the equivalent amount would have to be found through further savings in services or cuts in service provision. A 5% increase equated to a weekly increase of 86p.

● **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 Finance Department 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 2012-13 included a planned use of £1.2m of reserves, of which £900k would come from general balances and £300k from earmarked reserves. This meant that general balances would be reduced to £4.9m by the end of 2012-13, which was slightly below the previously determined threshold of £5m. The consultation report identified that, because of overspends during the year, the actual figure was likely to be lower, at between £4m - £4.5m. The proposed further use of £500k of unallocated contingencies in revenue funding of the capital programme would produce a year end general balance of £4.4m.

Account had been taken of the need to keep the immediate reductions in spending and the resulting impact on services to a minimum, but this must be balanced against the need to ensure the medium and long term financial stability of the Council and for savings to be implemented over the coming years in a phased and structured way. There was always some risk of unforeseen items of expenditure or overspending that could occur. For those reasons, it was proposed that provision should be made for a contribution of £500k to general reserves in 2013-14.

● **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 5% being the maximum deemed possible before risking 'capping' by WG. 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;
- Providing additional capacity within services;
- Fund new initiatives and policies;
- The level of and Council Tax increase required to 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 2013-14 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 3<sup>rd</sup> December, 2012 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 2013-14 budget together with assumptions for 2014-15 to 2015-16.

● **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.

● **Comments of Monitoring Officer** – detailed at Paragraph 12.1 of the report.

● **Staffing Implications** – detailed at Paragraph 13 of the report.

● **Local Issues** – detailed at Paragraph 14.1 of the report

● **Consultation** – detailed at Paragraph 15.1 of the report.

## RESOLVED

● To affirm that the Executive have taken account of the responses to consultation, to the observations of the Scrutiny Committees, the Schools Forum, the Voluntary Sector Liaison Committee, the Democratic Services Committee, Town and Community Councils and the general public;

● To note the equalities impact assessment summary on the budget proposals at 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 at Paragraph 4.1.3 of the report;

● To confirm the adjustments detailed within the table at Paragraph 4.2.5 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 General 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 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 Council's precepts will be presented to the Council on 5<sup>th</sup> March, 2013;**
- **To authorise the Section 151 Officer to make such changes as may be necessary before submission to the Council.**

**(ch) CAPITAL PLAN AND TREASURY MANAGEMENT**

Reported by the Head of Service (Finance) – That a part of the budget process, the Executive were required to make proposals in relation to a capital plan and budget, a treasury management strategy (incorporating an investment strategy and a Minimum Revenue Policy strategy) and a suite of prudential indicators. Draft documents were attached as appendices and this report presented the key points so that the proposals may be presented to the County Council on 5<sup>th</sup> March. The projects in the current capital budget had been reviewed and no significant change was required.

**RESOLVED**

- **To endorse the interim capital plan and budget as the Executive's proposal for next year;**
- **To note the assumptions made in the Treasury Management Strategy as detailed in Appendix B of the report;**
- **To approve the Prudential Indicators that become limits and to note the others;**
- **To recommend to the County Council that it adopts the revised CIPFA Treasury Management Code of Practice 2011, detailed at Appendix B-8 of the report.**

**(d) IMPROVEMENT PRIORITIES 2013-14**

Reported by the Head of Service (Policy) – That the improvement priorities had been developed taking into account the key elements of the current Corporate Business Plan and were aligned to the Transformation programme. Under the Local Government (Wales) measure there was a need for the Council to identify its improvement priorities annually and publish them as soon as practically possible after 1<sup>st</sup> April. The delivery of these priorities would be the responsibility of the SLT and accountable to the Scrutiny and Executive functions of the Council.

**RESOLVED to recommend to the County Council:-**

- **That it approves the Improvement Priorities for 2013-14;**
- **That authority be given to Officers in consultation with the relevant Portfolio Holders to develop associated work programmes for each of the Improvement Priorities and that the Council's improvement priorities for 2013-14 be published in April following the annual business planning cycle.**

**5. (a) HOUSING RENT HRA 2013-14**

Submitted – The report of the Head of Service (Housing) on a proposed rent increase of 4.99% for 2013-14 for Council house tenants, which equated to an average increase of £3.08 per dwelling per week and 32p per week for garages.

**RESOLVED to approve the level of rent increase for 2013-14 as set out by the Welsh Government at a rate of 4.99% which equates to an average rent increase of £3.08 per dwelling per week and 32 pence per week for garages.**

**(b) HRA BUDGET 2013-14**

Submitted – The report of the Head of Service (Finance) on the HRA Budget for 2013-14 which fed into the Corporate budgets, treasury management plans and prudential indicators. Appendix A to the report showed an extract from the business plan for the 2013-14 budget.

The HRA reserve was £247k as at 31 March, 2012. The projected balance as at 31 March 2013 was £240k. If this budget was approved, this projected balance would increase to £728k by 31 March, 2014. This was an appropriate level of reserve for the HRA.

**RESOLVED to approve the H.R.A. budget for 2013-14.**

**6.CHANGES TO THE COUNCIL CONSTITUTION**

Submitted – A report by the Head of Function (Resources) on seven proposed constitutional changes to take effect immediately after the May Election. These amendments could be summarised as follows:-

- make Member training on the Code of Conduct mandatory
- reduce the number of Scrutiny Committees from 5 to 2
- reduce the number of members on the Planning and Orders Committee (and Licensing) from 14 to 11
- reduce County Council membership on the Audit Committee from 10 to 8
- reduce the number of members on the Executive from 10 to 7 (to include the Leader and Deputy Leader)
- to adopt a revised Relationship Protocol for Members and Officers
- to adopt a protocol for Multi Member Wards

Concern was expressed by some of the members as regards voting rights at meetings of the Planning and Orders Committee. It was hoped that the new Council post May 2013 could give further consideration to the matter.

**RESOLVED to recommend to the County Council that it amends the Council's Constitution as indicated in the report (namely in respect of Member Training, the Committee Structure, a Multi Member Ward Protocol and Member/Officer Protocol) and to authorise Officers to make any consequential amendments to the Constitution.**

The meeting concluded at 11:25 a.m.

**COUNCILLOR BRYAN OWEN  
CHAIR**