

Minutes of the Meeting of CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

held at the Hybrid - Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron / remotely via video conference on Friday, 9 February 2024

PRESENT: Councillor Rhodri Evans (Chair), Councillors Elaine Evans, Euros Davies, Ifan Davies, Raymond Evans, Endaf Edwards, Eryl Evans, Paul Hinge, Hugh R M Hughes, Ceris Jones, Ann Bowen Morgan, Caryl Roberts and Carl Worrall

ALSO IN ATTENDANCE: Councillor Bryan Davies, Leader of the Council and Cabinet Member for Democratic Services, Policy, Performance and People and Organisation.

Councillor Gareth Davies, Cabinet Member for Finance and Procurement Services.

Councillor Catrin M S Davies, Cabinet Member for Culture, Leisure and Customer Services.

Councillor Matthew Vaux, Cabinet Member for Partnerships, Housing, Legal and Governance and Public Protection.

Councillor Clive Davies, Cabinet Member for Economy and Regeneration.

Councillors Alun Williams, Keith Henson, Wyn Thomas. (Cabinet Members).

Councillors Gwyn James, Elizabeth Evans, Amanda Edwards, Chris James, Keith Evans, Wyn Evans.

OFFICERS PRESENT: Eifion Evans, Chief Executive, Barry Rees, Corporate Director; James Starbuck, Corporate Director, Duncan Hall, Corporate Lead Officer, Finance and Procurement, Lowri Edwards, Corporate Lead Officer Democratic Services, Elin Prysor, Corporate Lead Officer and Monitoring Officer, Geraint Edwards, Corporate Lead Officer, Alun Williams, Corporate Lead Officer, Alan Morris, Corporate Lead Officer, Kirsty Dawson, Corporate Manager, Robert Davies and Veronica Evans, Assistant Accountants, Dwynwen Jones, Overview and Scrutiny Officer and Nia Jones, Corporate Manager Democratic Services.

(2:00pm – 4:50pm)

7 Apologies

None

8 Disclosures of personal interest (including whipping declarations)

Members are reminded of their personal responsibility to declare any personal and prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Council's Constitution and the Members Code of Conduct. In addition, Members must declare any prohibited party whip which the Member has been given in relation to the meeting as per the Local Government (Wales) Measure 2011.

Councillor Endaf Edwards disclosed a personal interest with regards to discussions regarding Staff Salaries.

9 Report on the draft 24/25 Budget

Councillor Rhodri Evans, Committee Chair, outlined the meeting procedure and welcomed the Leader of the Council, Councillor Bryan Davies, Councillor Gareth Davies, Cabinet Member for Finance and Procurement Services, Committee Members, the remaining Cabinet Members, non-Committee Members and Officers to the meeting.

The Leader of the Council, Councillor Bryan Davies, presented the report on the draft budget for 2024/2025. The Leader stated that this was an extraordinarily difficult financial situation faced by the Council with considerable financial pressures. He stated that during his time as a Councillor he has never known such a challenging financial situation as Ceredigion only received a 2.6% increase in the draft 24/25 settlement from Welsh Government. He advised Committee Members that he has met with some Town and Community Councils to discuss the financial situation and has more meetings scheduled this coming week.

The Cabinet Member for Finance and Procurement, Councillor Gareth Davies, presented the remaining information in the report. Councillor Davies also stated that this is by far the worst financial situation he has faced as Councillor in setting the budget.

It was advised that areas from Enclosure A of the agenda papers that this committee may wish to give consideration were as follows:

- a) Section 3 - The 24/25 WG Provisional Settlement outcome for Ceredigion.
- b) Section 4 – High level Budget Considerations including:
 - Section 4b) - Total level of Revenue Budget Cost Pressures.
 - Section 4d) - Total level of Revenue Budget Reduction proposals.
 - Section 4f) - Cabinet’s proposal on Council Tax Premiums
 - Section 4g) - Potential Council Tax position
- c) Section 5 – Draft Budget Requirement
- d) Section 6 – Budget Risks
- e) Section 7 – proposed Multi-Year Capital Programme
- f) Section 8 – Financial resilience (including Reserves & General Balances)
- g) Section 9 – Medium Term Financial outlook
- h) The 11 Recommendations agreed by Cabinet on 23/01/24.
- i) Any other Budget matter that the Committee deems appropriate.

Welsh Government (WG) have openly stated that their 24/25 Draft Budget is ‘the starkest and most painful since devolution’. Ceredigion has only received a 2.6% funding increase (14th out of 22 Local Authorities), this also equates to Ceredigion receiving the lowest increase per head of population across all of Wales. It is therefore also Ceredigion County Council’s starkest Budget yet which is worse than was previously forecasted and less than the 3.1% referenced by Welsh Government in the Autumn.

The headline from the Provisional Local Government Finance Settlement in England was a 6.5% overall uplift in funding with £1bn in additional grant funding for Social Care compared to 23/24. Being a devolved administration Welsh Government are free to use their funding as they see fit. Consequently, there are several different policy decisions that exist in Wales as compared to England.

The Provisional Local Government Finance Settlement outcome, combined with various individual Specific grants being cut, as well as highly significant Cost pressures on Services that show no signs of abating, means it is no longer possible to continue to protect Services. There are now incredibly difficult budget choices to be made as part of weighing up how and where to reduce the cost of the Council's Services, alongside considering the appropriate level of funding to be raised through Council Tax.

Key points highlighted from the report are:

- The latest estimated revenue Cost pressures being faced by the Council total an unprecedented £18.1m, equivalent to a Ceredigion specific inflation factor of 10.1%. This compares with general inflation running at 2 3.9% (November 2023 CPI figure). A budget shortfall of £14.6m therefore needs to be found from a combination of Budget Reductions and Council Tax increase considerations.
- Competing demands on the Capital Programme are exacerbated by a reduction in core Capital funding from WG. The current level of core capital funding (£5.8m) is still lower than that received over 15 years ago and represents real terms cut of £5.1m (or nearly 50%) over that period.
- The cost of continuing to fulfil Welsh Government's policy of ensuring the Real Living Wage (10.1% increase) is paid to registered Social Care staff will cost Ceredigion an additional £0.9m for 24/25. This is the extra cost over and above funding a National Living Wage related increase and forms part of a total estimated cost pressure of £2.7m to fund basic inflation on externally commissioned Social Care services (e.g., Domiciliary Care, Direct Payments, and Older Persons residential placements).
- Demands and pressures on Social Care related budgets continue to increase - totalling some £6.2m over and above Employee Pay awards and basic inflation provisions for externally commissioned services.
- The UK Government continues to increase the National Living Wage (9.7% increase) but also continues not to provide any associated funding. Therefore, Employee pay awards for 24/25, which are not determined by Ceredigion County Council, are expected to continue to remain elevated. At a projected cost pressure of c£4.8m, this is a highly significant budget variable. The approach to Pay is the opposite to what was experienced during the previous austerity period, when the George Osborne approach was to enforce several years of pay freezes / 1% pay caps as a form of controlling costs.

- For the 2nd year running, there is a considerable increase proposed by the Mid & West Wales Fire Authority for the Fire levy which forms part of Ceredigion County Council's Budget. The current proposal would result in an increase of 12% on the Council's current Fire levy cost of £4.9m and would be the equivalent of over 1% on Council Tax.
- There is a hidden budget impact from a reduction in WG specific grant funding. For example - a proposed cut of over 20% in Social Care Workforce funding (an indicative loss of £250k) is bewildering at a time when there is a significant recruitment and retention challenge in the Social Care sector.
- Despite the lower-than-expected Settlement, the Cabinet still propose to increase Delegated Schools Budgets by 3.1%, which was the scenario presented to Headteachers and Governors back in late September.
- The current draft 24/25 Budget Requirement is a lower increase (6.9%) than the 23/24 Budget Requirement increase (8.6%). However, the WG settlement increase is only 2.6% for 24/25 compared to 8.1% for 23/24.
- The current 23/24 Band D Council Tax level in Ceredigion (for all components) is £1,908 which is just above the average Band D Council Tax in Wales at £1,879. Average Council Tax levels in Wales are still lower than the equivalent English Unitary Authorities average (£2,139 for 23/24). The 3 County Council element of the current 23/24 Band D Council Tax is currently £1,553.60.
- The Council recently agreed to increase the Council Tax premiums chargeable on Second Homes and Long-term Empty Properties, with effect from April 2024. This decision has the potential to assist with the Budget Challenge by lowering an otherwise higher Council Tax increase if Members are so minded.
- Cabinet is mindful that c85% of all chargeable dwellings in Ceredigion fall into Bands A to E. The current draft 24/25 Budget figures indicate a potential Council Tax increase (for the Ceredigion County Council component) of just over £4 per week (or £18 per month) for a Band D property.
- Further work is ongoing to see where/if further Budget reductions can be added to improve the position further.

The Budget Scrutiny process and the involvement of all Members is part of this process. It is very clear that a 2.6% WG core funding increase, combined with cuts in WG specific grant funding, does not provide anywhere near enough funding to be able to deal with significant parts of the Council's budget being subject to inflation at well above CPI levels and in several areas into double digit levels. This means that there is an almighty Budget Challenge that can no longer be solely focussed on doing things differently and innovatively. The Council needs to make significant Budget savings which needs to include reducing and, in some cases, withdrawing Services completely.

Unfortunately, this position is not likely to just be limited to next financial year, because the outlook for the public finances into the medium term now looks even bleaker, notwithstanding there is a UK General Election to be held by the end of January 2025. Moving forwards, Ceredigion County Council needs to fundamentally re-evaluate its purpose and relationship with its residents to include a back-to-basics approach focussed on providing core statutory services, predicated on appropriate levels of intervention. Unless there is a new era of Pay freezes and minimal Social Care cost pressures, then in the absence of re-evaluating its purpose and approach, Ceredigion County Council is highly likely to become financially unsustainable in the medium term.

Duncan Hall, Corporate Lead Officer, Finance and Procurement, then provided a brief verbal update on the latest Budget situation as follows:

- As a result of a £600m announcement for English Councils on 24/01/24, it was understood Welsh Government would receive a Barnett consequential amount of funding of c£25m. This could be worth c£600k for Ceredigion - but is yet to be confirmed. In addition, work has just concluded on the procurement process for the Council's new residual Waste contract. This will be reported to Cabinet on 20/02/24 with a provisional outcome of a £300k financial benefit. The combination of both factors, once and if confirmed, is worth c2% in Council tax terms.
- Committee Members were advised that a letter has been sent to WG from the Leader of the Council which includes 12 lobbying points. This letter has now been shared with all Members of the Council.
- DH reaffirmed the scale of the medium-term financial challenge if public sector finances are limited to no more than a 1% annual increase or possibly worse from 25/26 onwards.

Members were then given an opportunity to ask questions which were answered in turn by the Leader, the Cabinet Member, or the relevant Officer. Main points arising as follows:

- In response to a question, it was confirmed that a robust balanced budget is achievable.
- A Member stated that many proposals will require consultation, considering the timescale for this budget, he asked how confident the Section 151 Officer was that these will be delivered? In response, it was stated that any budget savings may not be 100% deliverable, but that consideration is given to the likelihood of deliverability and the quantum involved. It was advised that the relevant Corporate Lead Officer responsible for the proposed savings will need to obtain a political

mandate as soon as possible if the saving proposals are agreed.

- In response to a question, Committee Members were advised that the Leader of the Council and Cabinet Members express their concerns to both Ministers and Deputy Ministers in Welsh Government at every given opportunity.
- Moving forwards Ceredigion County Council needs to fundamentally reevaluate its purpose and relationship with its residents to include a back-to-basics approach focussed on providing core statutory services, predicated on appropriate levels of intervention.

Cabinet Members then in turn provided detailed information regarding the specific budget movements by service, budget cost pressures and saving proposals by service shown in Enclosure B, C and D.

D1 - Customer Contact ICT and Digital

Cabinet Member and Portfolio:

Councillor Catrin M S Davies, Cabinet Member for Culture, Leisure and Customer Services

Target Cost Reduction / Savings 2024/25: £283k

Current Budget: £6.5m

D2 - Democratic Services

Cabinet Member and Portfolio:

Councillor Bryan Davies, Cabinet Member for Democratic Services, Policy, Performance and People and Organisation

Target Cost Reduction / Savings 2024/25: £15k

Current Budget: £5.0m (including Members' Allowances)

D3 - Economy and Regeneration

Cabinet Member and Portfolio:

Councillor Clive Davies, Cabinet Member for Economy and Regeneration

Target Cost Reduction / Savings 2024/25: £164k (part of £419k of E&R total proposed reductions)

Current Budget: £4.0m

D4 – Finance and Procurement

Cabinet Member and Portfolio:

Councillor Gareth Davies, Cabinet Member for Finance and Procurement

Target Cost Reduction / Savings 2024/25: £0.666m

Current Budget: £19.0m

D5 – People and Organisation

Cabinet Member and Portfolio:

Councillor Bryan Davies, Cabinet Member for Democratic Services, Policy, Performance and People and Organisation

Target Cost Reduction / Savings 2024/25: £20k

Current Budget: £2.3m

D6 – Policy, Performance and Public Protection (Policy & Performance element)

Cabinet Member and Portfolio:

Councillor Bryan Davies, Cabinet Member for Democratic Services, Policy, Performance and People and Organisation

Target Cost Reduction / Savings 2024/25: £6k (out of £70k for P,P&PP)

Current Budget: £2.5 million

D7 - Legal and Governance

Cabinet Member and Portfolio:

Councillor Matthew Vaux, Cabinet Member for Partnerships, Housing, Legal and Governance and Public Protection

Target Cost Reduction / Savings 2024/25: £19k

Current Budget: £1.7m

Members then considered Enclosure E, Fees and Charges relating to the Corporate Resources Overview and Scrutiny Committee, pages 43 to 49 of the agenda papers.

Members then considered Enclosure F, Cabinet's proposal on Council Tax Premiums and then Enclosure G, Multi Year Capital Programme. Main points arising from discussion as follows:

- Referring to agenda enclosure D1, Customer Contact ICT and Digital, titled, removing the library service to schools - the Cabinet Member and Officer confirmed that the Service will retain flexibility in supplying books to schools.
- Referring to agenda enclosure D1, titled, Mobile Library Service. The Committee were advised that the 4 library vans are not fully utilised. With improved staff rotas, adjustments to route planning, the removal of the schools' service and by collaborating with the ICT Team the service can maintain a similar level of service with a reduction of two vans.
- Referring to agenda enclosure D1, titled, co-location of library services with other Council services. It was confirmed that co-location of library services with other council services will reduce costs through removing duplication of roles, improving energy efficiencies, and making full use of existing space.
- Referring to agenda enclosure D2, Democratic Services, titled, reduce the level of external translation. It was confirmed by making better use of technology and improving processes, the budget for external translation will be reduced from £46.5k to £31.5k. A Member congratulated the Authority for retaining its high standard of translating all agenda papers and stated that this is a service that the authority can be proud of.
- In response to a question, it was confirmed that the Authority continue to maximise the range of public facing services in Canolfan Rheidol, Aberystwyth and Penmorfa Aberaeron and seek alternative uses for County Hall, Aberaeron.

- In relation to the Corporate Estate / Commercial Buildings and use of space. The Officer confirmed the Service is exploring maximisation of income opportunities including recovering all costs, following up rent reviews, retain v sell v repurpose considerations. A Member suggested the service explore opportunities of providing residential living above the Commercial properties owned by the Authority.
- It was agreed that the Asset Development Programme should be placed on this Committee's Forward Work Plan.
- It was confirmed that the repairs required for the Museum roof in Aberystwyth has not gone out to tender but that the repairs were required in order to safeguard the museum's collection.
- Members expressed their disappointment regarding the Community Grants Scheme saving proposal. There is a proposed reduction in the Scheme's scope to only provide revenue grants via the Welsh Church Fund and the Capital grant budget to be reduced from £200k to £100k.
- The Cabinet Member for Finance and Procurement confirmed that the Treasury Management Savings are reported quarterly to Cabinet.

Following discussion, Members **AGREED** that they had considered the following recommendations:

RECOMMENDATIONS:

For the respective Services that are within the remit of this Overview and Scrutiny Committee:

1. To consider:

- a) the overall draft 24/25 Budget position.
- b) the relevant elements of the Revenue Budget Movements.
- c) the relevant elements of the Revenue Budget Cost Pressures.
- d) the relevant elements of the Revenue Budget Reductions Proposals.
- e) the relevant elements of the Fees & Charges proposals.
- f) Cabinet's proposal on Council Tax Premiums.
- g) the relevant elements of the Multi-year Capital Programme.

2. To make recommendation(s) for Cabinet to consider on 20/02/24, as the Committee deems appropriate, in relation to the Budget.

The Committee agreed to make the following recommendation to Cabinet:

- 1. *Ringfence the existing 25% on Second Homes and Long-term empty Premiums to the Community Housing Scheme, without introducing a cap.*

REASON FOR RECOMMENDATIONS: To assist with the preparation of a balanced budget, to ensure appropriate scrutiny of the overall Budget being proposed and to make recommendation(s), as appropriate, for Cabinet to consider at their next meeting on 20/02/24.

The Chair and Committee Members thanked Officers for their hard work in preparing the agenda papers.

10 To confirm minutes of the previous meeting and to consider any matters arising from those Minutes.

It was **AGREED** to confirm the minutes of the 7th of December 2023 Committee meeting as a true record, subject to noting Councillor Eryl Evans' apologies. Councillor Evans also stated that she had expressed apologies for the 19th of October 2023 Committee meeting that had not been recorded. There were no matters arising from those minutes.

Any other matter which the Chairman decided is for urgent attention of the Committee

There were no other matters raised.

Confirmed at the Meeting of the Corporate Resources Overview and Scrutiny Committee held on 12 March 2024

Chairman: _____

Date: _____