

Minutes of the Meeting of CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

held at the held remotely via video-conference on Friday, 18 February 2022

PRESENT; Councillor Ivor Williams (Chair), Councillors Dan Potter, John Adams-Lewis, Bryan Davies, Ceredig Davies, Gareth Davies, Ifan Davies, Keith Evans, Peter Davies, Endaf Edwards, Elizabeth Evans, Dai Mason, Rowland Rees-Evans and Lynford Thomas.

Cabinet Members Present: Councillor Ellen ap Gwynn (Leader of the Council), Councillor Ray Quant (Deputy Leader), Councillors Catherine Hughes, Alun Williams, Gareth Lloyd, Catrin Miles, Dafydd Edwards, Rhodri Evans (Cabinet Members).

Officers Present: Barry Rees, (Corporate Director); James Starbuck, (Corporate Director); Elin Prysor, Corporate Lead Officer Legal and Governance and Monitoring Officer); Alun Williams, (Corporate Lead Officer, Policy and Performance); Lowri Edwards, (Corporate Lead Officer, Democratic Services), Geraint Edwards, (Corporate Lead Officer, People and Organisation); Russell Hughes-Pickering, (Corporate Lead Officer, Economy and Regeneration); Arwyn Morris, (Corporate Lead Officer, Customer Contact); Stephen Johnson, (Corporate Lead Officer Finance and Procurement); Duncan Hall, (Corporate Manager, Service Finance and Accounts); Justin Davies, (Corporate Manager, Core Finance, Finance & Procurement); Dwywnwen Jones, (Overview and Scrutiny Officer); Nia Jones, (Corporate Manager, Democratic Services); Neris Morgans, (Democratic Services Officer); Kirsty Jenkins, (Service Accountant); Chris Macey, (Service Accountant); Carys Fowles, (Assistant Accountant); Roger Davies, (Assistant Accountant); Ann James, (Assistant Accountant); Veronica Evans, (Assistant Accountant); Iona Davies and Carol Thomas, (Translators).

(1.30 - 3.17 pm)

5 Apologies

Councillor Wyn Thomas apologised for his inability to attend the meeting due to storm Eunice impact resulting in power failure. Councillor Lyndon Lloyd MBE apologised for his inability to attend the meeting.

Eifion Evans, Chief Executive, apologised for his inability to attend the meeting.

6 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.**

There were no disclosures of personal or prejudicial interest.

7 **Report on the Draft Budget 2022/2023**

Councillor Ivor Williams, Committee Chair, outlined the meeting procedure and welcomed the Leader of the Council, Councillor Ellen ap Gwynn, Cabinet Members and Officers to the meeting.

The Leader of the Council, Councillor Ellen ap Gwynn, presented the report on the draft budget for 2022/2023 including the three year capital programme, explaining that this is a provisional settlement, and that the final settlement is due on the 1st March, 2022. The total revenue settlement, known as the Aggregate External Finance (AEF) allocated to Ceredigion for 2022/23 is £119.419m. This compares with 2021/22 allocation of £110.006m (adjusted for transfers) and is an increase of 8.6%. Wales as a whole has seen an average increase of 9.4% with Ceredigion ranked at 19th. The Leader advised Committee Members that since her appointment in 2012, £50 million savings had been made.

The Leader also stated that a letter had been received on 17th February 2022 from Rebecca Evans MS, Minister for Finance and Local Government announcing an increase of £50m for the local government settlement for 2021-2022. The amount to be allocated to Ceredigion County Council is unknown to date but is likely to be circa £1m. The funding is un-hypothecated (i.e. not allocated to specific services) and can be carried forward in reserves to the 2022-2023 financial year. It was explained that the implications of this additional funding would need to be considered and how that would be allocated for the 2022-2023 budget.

Members welcomed the additional funding but expressed their disappointment that the announcement was late and that it didn't allow for scrutiny to take place based on the new information. The Chief Executive confirmed that information would be presented for Council on 3rd March 2022 and that there would be an opportunity to discuss the options for the additional funding.

Ceredigion's Settlement reflects a range of less financially favourable re-distributional movements seen in population and Secondary School pupil number indicators. Standard Spending Assessments (SSA) are notional calculations of what each Council needs to spend to provide a standard level of service. The SSA for 2022/23 is £166.372m which is a 7.2% increase from the previous year (2021/22 £155.153m). The most significant service increase being personal social services at 12.2%.

The budget model has been drafted to include the adjustments with regard to the provisional settlement. Any adjustments required that arise in the final settlement will require consideration and appropriate incorporation into the budget.

The detailed assessment work carried out to identify the unavoidable cost pressures faced by Services has been finalised and identified a net total amount of £13.1m, which is summarised in Appendix 1 of the agenda papers. This amount is almost double the previous years and is £3.8m more

than the increased sum available in the settlement and this would equate to the need to increase Council Tax by close to 8%, however some savings are available to the budget setting process.

The Rising costs of Care alone totals £7m, including:

- UK £9.90 Real Living Wage and 1.25% Employers National Insurance – impacts on most if not all Care related Commissioned Services (results in provisional inflation factors of 8.87% for Domiciliary Care / Supported Living, 9.13% for Residential Care and 11.15% for Direct Payments);
- Residential Homes – Fees setting review currently in progress;
- Direct Payments;
- Looked after Children; and;
- Domiciliary Care.

The Leader also advised the Committee that the provision for pay inflation is a significant factor estimated at £3.4m and that there is no formal agreement yet on the main 2021/22 pay award. After taking into account the potential funding available, a balanced budget is achievable.

A Corporate approach has been taken to dealing with the Covid-19 net costs and losses, as opposed to each service having to incur sums attributable to relevant services. This approach has ensured that financial management of the 2021/22 budgets and business as usual activity remained strong. Total hardship costs and lost income are currently forecast at a gross total of just under £7m with as much as possible being recovered and reclaimed through Welsh Government (WG) grants/funding.

Additional Covid-19 costs and some lost income will continue into the 2022/23 year and beyond. A corporate budget of £750k is therefore required in the Leadership Group budget, as well as utilising the earmarked contingency including Covid-19 Reserve estimated at £1.25m. No grant claims are due next year as the Hardship Fund will close and the Settlement now allows for this. WG have also committed to continue to supply free PPE for Health and Social Care for as long as it is required and to continue to provide funding for Test, Trace & Protect.

Based on the draft budget settlement figures only, Council Tax needs to increase to fund fully the Budget position. An extra 4.75% of Council Tax raises a gross £2.1m, which equates to a net £1.8m after allowing for the additional budget requirement placed on the Council Tax Reduction scheme. The Council's income and cost recovery policy means that services are continuing to recover their inflationary costs relevant to chargeable services from service users, although the current issue in the near term is ensuring the recovery of income streams to pre Covid-19 levels.

The Leader explained that as this is a draft budget proposal, based on the Provisional settlement, and subject to any adjustments that may be required once the Final Settlement is known. Any necessary adjustments would be made in accordance with the following:

1. the value of any specific grants transferred into RSG will be

- passported through to the relevant Service's budget;
2. any other specific changes to be directly targeted to the affected Service(s), if appropriate; and;
 3. any other change to the RSG will be dealt with by an adjustment to the Leadership Group Corporate revenue budget.

The Fire Authority Levy is subject to formal confirmation and is anticipated to result in a £104k cost pressure, which will require top slice funding.

The Leader concluded her presentation with a summary of cost pressures across all/most services and re-iterated that this budget report deals with the provisional settlement announcement with a recommendation to Council on the level of Council Tax for 2022/23. Council is due to consider the final budget on the 3rd March 2022 following scrutiny of the budget papers and draft proposals.

Committee Members were provided an opportunity to ask questions, which were answered in turn by the Leader and/or Officers. Principal questions/points raised:

- The Leader in response to a question regarding the possibility of lowering the percentage rise proposed for Council Tax, due to the announcement of additional un-hypothecated funding being made available by Welsh Government, advised Committee Members that all possible options would be considered;
- A Member referred to Appendix 1, page 20 of the agenda papers, 2022/23 Budget: Estimated Cost Pressures by Service. The Member queried the £13,173m figure. An Officer responded with a detailed explanation;
- A Member suggested that any vacant post recruitment delays need to be thoroughly considered in the future.

Following discussion, Members agreed to consider the overall budget position as shown in the budget report to Cabinet, to assist with the preparation of a balanced budget for next year.

The relevant Cabinet Member then presented the information relevant to their Service Area (shown in Appendix B of the agenda papers).

Committee Members considered the service budgets for those service areas that are within the Committee's remit (shown in Appendix C of the report); namely:

- **Legal & Governance, People & Organisation and Democratic Services**
Elin Prysor, Geraint Edwards and Lowri Edwards were present to answer any questions. Cabinet Member, Councillor Ray Quant presented the information.
- **Economy & Regeneration**

Russell Hughes-Pickering was present to answer any questions. Cabinet Member, Councillor Rhodri Evans presented the information.

- **Customer Contact**

Arwyn Morris was present to answer any questions. Cabinet Member, Councillor Dafydd Edwards presented the information.

- **Finance & Procurement and Policy, Performance & Public Protection**

Stephen Johnson and Alun Williams were present to answer any questions. Cabinet Members, Councillors Ellen ap Gwynn and Gareth Lloyd presented the information relevant to their respective Cabinet portfolio.

The Chairman thanked the Cabinet Members for presenting the information.

The relevant Cabinet Member presented the proposed Fees and Charges as outlined in Enclosure D, pages 45 to 51 of the agenda papers.

Committee Members were provided with an opportunity to ask questions, which were answered in turn by the Leader and/or Officers. Principal questions/points raised:

- In response to a question regarding some projected savings which appear annually, for example, reorganisation of services, the Leader confirmed that these are monitored on a quarterly basis at the Performance Monitoring Group meetings attended by Senior Officers, Cabinet Members and Overview and Scrutiny Chairs and Vice-chairs;
- Following a question regarding the borrowing of translating equipment for Town and Community Councils use, an Officer confirmed there was no charge. This is to encourage Town and Community Councils to use the Welsh language during their meetings;
- It was confirmed that the Bandstand fee was inflation linked and not a new fee; and;
- Further to a question regarding the fee for change of house names, an Officer confirmed that during the period 1.2.2020 to 1.2.2022, 20 house names were changed from English to Welsh and 2 from Welsh to English. A Councillor mentioned that in coastal areas, some English names hold an historical meaning.

The Chairman thanked the Leader, the Cabinet Members and the Officers for the information received at the meeting, and asked Committee Members to vote in turn if they accept, are against, or abstain from the following recommendations:

1. To consider the overall Revenue and Capital Budgets proposed.
2. To consider the estimated cost pressures being faced (£13.173m across all aspects).
3. To consider the proposed fees & charges and the resulting estimated £155k additional income to assist with the savings required.
4. To note the proposed £230k travelling savings target for officers & members.

5. To note the £113k savings balance still required to be found.
6. To consider the 3 options proposed for council tax levels of 4.75%, 5.0% & 5.25%.
7. To provide any other appropriate draft budget related feedback to Cabinet.

Recommendation:

Following consideration, Members agreed to recommend that Cabinet:

1. **APPROVE** the service areas budget within the Committee's remit as above; and;
2. **APPROVE** the proposed Fees and Charges as outlined in Appendix D of the report, (pages 45 of 51)
3. **APPROVE** the relevant Capital schemes in the proposed Capital Programme,
4. **AGREED** to note the proposed £230k Travelling Savings Target for Officers & Members;
5. **AGREED** to note the £113k Savings Balance still required to be found. **Please note:** Councillor Ceredig Davies abstained from this vote and wished for this to be recorded in the minutes;
6. Due to the recent letter received from Rebecca Evans MS, Minister for Finance and Local Government on 17th February 2022, as referenced above, recommendation number 6 was not considered;
7. The Committee agreed to provide the following appropriate Draft Budget related feedback to Cabinet – It was agreed to recommend that the new Council Administration would consider establishing a Task and Finish Group to consider the Budget Preparation. The matter would be referred to the Democratic Services Committee in the first instance.

The Chairman thanked Committee Members for attending and the meeting was terminated.

Confirmed at the Meeting of the Corporate Resources Overview and Scrutiny Committee held on 17 March 2022

Chairman: _____

Date: _____