

**Minutes of the Meeting of CORPORATE RESOURCES OVERVIEW AND SCRUTINY
COMMITTEE
held at the on Friday, 10 February 2023**

PRESENT: Councillors Rhodri Evans, Geraint Wyn Hughes, Euros Davies, Ifan Davies, Elaine Evans, Eryl Evans, Endaf Edwards, Paul Hinge, Hugh R M Hughes, Ceris Jones, Ann Bowen Morgan, Caryl Roberts, Carl Worrall.

Also in attendance: Councillors Bryan Davies, Leader of the Council, Gareth Davies, Catrin M S Davies, Clive Davies, Wyn Thomas, Matthew Vaux, Keith Henson, and Alun Williams. (Cabinet Members).

Councillors Elizabeth Evans, Amanda Edwards, Keith Evans, and Gareth Lloyd.

Officers in attendance: 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; Russell Hughes-Pickering, Corporate Lead Officer, Economy and Regeneration, Elin Prysor, Corporate Lead Officer, Legal and Governance and Monitoring Officer, Geraint Edwards, Corporate Lead Officer, People and Organisation; Arwyn Morris, Corporate Lead Officer, Customer Contact, Alun Williams, Corporate Lead Officer, Policy and Performance; Justin Davies, Corporate Manager, Core Finance, Finance and Procurement; Dwywen Jones- Scrutiny Support Officer, Nia Jones, Corporate Manager- Democratic Services, Alex Jenkins, Corporate Manager, Internal Audit, Legal and Governance; Patricia Armstrong, Corporate Manager, Legal Services, Legal and Governance.; Kirsty Dawson, Veronica Evans and Roger Davies, Service Accountants, Finance and Procurement.

(1.30 - 3.10 pm)

9 Apologies

Councillor Paul Hinge apologised for his inability to attend the meeting.

10 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.

None.

11 Report on the draft Budget for 2023/24

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 2023/2024 including an updated multi-year capital programme, outlining that this is based on the WG provisional settlement, and that the WG final settlement is due on the 28 February 2023.

The Leader advised the Committee Members that the higher than expected Provisional settlement increase from Welsh Government for 2023/2024 of 8.1% (on a cash basis) is welcomed. This should ensure that for the 2023/2024 financial year, services to residents in Ceredigion can be protected as much as possible, whilst acknowledging this is still an extremely challenging Budget. Key points from this report are as follows:

- The cost pressures being faced by the Council total an unprecedented £22m, equivalent to a Ceredigion specific inflation factor of over 13%. This compares with general inflation running at 10.5% (December 2022 CPI figure). A budget shortfall of £12m therefore needs to be found from a combination of Budget Savings and Council Tax increase considerations.
- The Leader said that the areas where cost pressures are being seen are generally not unique to Ceredigion. There are recurring themes similar to those referenced in the national press, which are affecting a range of public and private sector organisations, as well as individual household finances. They range from energy and fuel costs, to higher than projected Staff Pay awards, to contracts with inflation linked clauses.
- There is also a proposed increase from the Mid & West Wales Fire Authority on their levy, which is at a level not seen before. A 13% proposed increase in their Budget is leading in turn to a significant cost pressure, in relative terms, on the Council's own budget.
- Demands on Social Care related budgets continue to increase, plus there is over £1.7m of funding within the Provisional Settlement (1.5% of the 8.1% increase) that needs to be passported to Externally Commissioned services in Ceredigion to ensure registered Social Care workers continue to be paid at least the Real Living Wage (which has risen from £9.90 to £10.90 per hour – a 10.1% increase).
- Despite operational challenges at times in some Services, Ceredigion County Council continues to deliver high quality services that has been recognised by external regulators. The Council is assessed by Audit Wales as remaining financially stable, albeit recognising that financial challenges do lie ahead

creating ongoing financial risks, which is not unique to Ceredigion.

- The current 2022/2023 Band D Council Tax level in Ceredigion (for all components) is £1,777.27 which is in line with on the average Band D Council Tax in Wales at £1,777.18. Average Council Tax levels in Wales are also considerably lower than the equivalent average for English Unitary Authorities of £2,034 for 2022/2023. The County Council element of the current 2022/2023 Band D Council Tax is currently £1,447.90.
- The Leader stated that he, and the Cabinet are, as are all Councillors, acutely aware of the impact that the cost of living is having on household personal finances. It is proposed that Council Tax increases for 2023/2024 are kept below the current rate of inflation and limited to no more than an additional £10.02 per month for the County Council element.
- The Leader and the Cabinet's preferred Council Tax increase option is a 7.3% proposed Council Tax increase, which includes a 1.3% element in relation to the proposed Fire Authority levy increase and which equates to an additional £8.81 per month for the County Council element.

The Leader stressed that there are challenging and difficult times ahead - with an indicative Welsh Government Settlement average increase for 2024/2025 of only +3.1%. The extent of the challenge will be focussed on as part of presenting an updated Medium Term Financial Strategy in due course. One of the initial guiding principles from the new political administration was (as far as possible) to avoid cuts in Service provision, to minimise Redundancies and to not go down a salami slicing savings route and to continue to take a corporate and transformational approach to medium term savings.

Given the scale of the financial challenge there is a limit to how far all aspects of this approach can be achieved in full and on Delegated School Budgets proactive decisions will be needed by individual Schools as their level of School Balances and available grant funding declines.

Councillor Gareth Davies, Cabinet Member for Finance and Procurement Services, referred to the key outcomes for Ceredigion from the 23/24 Provisional Settlement shown on page 3 of 42 of the report, stating that the WG Aggregate External Finance (AEF) allocated to Ceredigion is £129.050m for 2023/24 compared with £119.419m for 2022/23. This is a cash increase of £9.6m (8.1%) with Ceredigion ranked 9th.

He also referred to the Fire Authority Levy stating that following dialogue with Mid & West Wales Fire Authority, the relevant sum for Ceredigion would be an increase of £519k under their 13% Budget Option, which equates to a 1.3% Council Tax increase on a Band D property. There is also an

additional Fire related grant of £143k that is to be transferred into the WG Final Settlement and this sum is therefore built into the Budget workings and will need to be passported through to the Fire Levy budget heading to ensure this element remains cost neutral. It is disappointing that this change is being done late in the Budget process with no prior consultation.

Ceredigion's Settlement outcome reflects a range of factors, but the main driver is the overall level of additional funding that Welsh Government have put into the Settlement. Other pertinent factors to note relate to Population data changes which account for a £54k increase and pupil numbers data changes which account for a £70k decrease.

Councillor Davies stated that the gain on population could have been higher (c£350k) as the 2021 Census recorded the Ceredigion population as 71,468, whereas the population dataset used for the 2023/2024 Settlement was a combined average of the 2021 Census population data and the 2018 based population projections for 2023 which is 71,188. In addition, at least the previous 2 Settlements (2021/2022 & 2022/2023) have used understated population data.

On pupil numbers, Nursery & Primary numbers have declined by 2.7% to 4,951, whereas Secondary numbers (years 7-11) have increased by 2.5% to 3,599. This reflects a national trend of increasing Secondary pupil numbers and decreasing Nursery & Primary pupil numbers, when comparing data used for 2022/2023 and 2023/2024 Settlements.

£70m across Wales was included in the Settlement for the continuation of WG's commitment to ensure registered Social Care Workers in Wales are paid at least the level of the Real Living Wage which is now rising to £10.90 per hour.

Duncan Hall, Corporate Lead Officer, Finance and Procurement, then provided a brief update on the current situation and in particular the Authority's Cost pressures. Detailed iterative work has been carried out to identify and assess the unavoidable cost pressures faced by all Services, plus the aspects considered as corporate items. This work has identified c£22m of cost pressures, which equates to 13.4% of the 2022/2023 Budget. This level of cost pressures is extraordinary and exceeds the £13m seen in the 2022/2023 budget. Prior to COVID and the current high levels of inflation in the UK economy, cost pressures were typically around £8m and c.6% of net budget. He proceeded to give an overview of the Cost Pressures that are affecting all services as well as the items that are treated as Corporate in nature and the saving in the Employers Pension Fund Contribution rate which benefits all Services.

The relevant Cabinet Member presented the information relevant to their Service Area.

Committee Members considered the Cost Pressures for those service areas that are within the Committee's remit; namely:

- - Democratic Services
 - People and Organisation
 - Policy, Performance & Public Protection (Policy & Performance elements only)
 - Leadership Group
 - Finance and Procurement
 - Economy and Regeneration
 - Customer Contact
 - Legal and Governance

And;

Committee Members considered the proposed Fees and Charges changes under the Committee's remit in Appendix C, pages 51 to 57, of 57 of the agenda papers.

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 regarding the second homes premium, an explanation was provided by the Corporate Lead Officer for Finance and Procurement,
- A breakdown of the Members Allowance budget was provided,
- It was confirmed that the budget saving proposal, Learner Transport review: £400k is an operational budget with work currently in progress regarding the detail of this saving proposal,
- Reference was made to a report which will be presented to Cabinet on the 14th February 2023; namely; [Treasury Reserve Management Policy Statement, Treasury Management Strategy for 2023/24 and the MRP Policy for 2023/24.](#), which may be of interest to Members, link to agenda papers
- Reference was made to the Corporate Asset Review - £250k efficiency. This workstream will look at a range of opportunities relating to both Corporate Estate, Operational Buildings and Commercial opportunities, including reviewing the future use of buildings and the Council's Buildings Asset base. The review will focus on opportunities to rationalise the estate, identification of income generating opportunities and options for shared occupation of buildings with other Public Sector organisations. It is expected this will deliver further savings over the medium term as the work develops,
- In response to a question regarding the costs of ensuring that the condition of Council farm slurry pits comply with NVZ regulations, it was confirmed that this has been taken into account in the allocated budget,
- Staffing capacity in the Estates Department was questioned and assurance provided that there is work in progress to address this

situation in order to ensure sufficient resources are allocated to both the larger major funding streams and the more local level economic development activity,

- Members raised concerns regarding specific vacant buildings in their wards which had been purchased by the Authority; but remained vacant. Assurance was provided that these will be addressed in the near future,
- Members raised concerns regarding the former Arriva site in Aberystwyth, given the fact that the site remains vacant despite its purchase several years ago, albeit that it is used by the farmer's market on a fortnightly basis. Members referred to the new TAN15 legislation which may affect and limit redevelopment of the site. It was confirmed that this legislation will be a consideration reflected in the options that are currently being worked up.
- The importance of sweating Council assets was highlighted, maximising income / capital receipts and keeping vacancies to an absolute minimum
- Reassurance was provided that the planning applications backlog was in the process of being rectified, but will take time,
- It was agreed that the Corporate Resources Overview and Scrutiny Committee will consider a report on the Corporate Estate at a future meeting,
- In response to a question regarding hybrid working for Council staff, it was confirmed that this is currently being piloted and the best utilisation of Penmorfa and Canolfan Rheidol Offices is currently being considered.

Recommendations:

The Committee agreed that:

1. It had considered the overall Budget position as shown in the Budget report in Enclosure A.
2. It had considered the relevant elements of the Budget Cost pressures falling under this Scrutiny Committee.
3. It had considered the relevant elements of the Budget Savings proposals falling under this Scrutiny Committee.
4. It had considered the relevant elements of the Fees & Charges proposals falling under this Scrutiny Committee.
5. The majority of Committee Members voted in favour of a 7.3% increase for Council Tax levels. The Committee is therefore recommending an increase of 7.3% in Council Tax for 2023/2024, which is option 3b) of the recommendations, as follows:
3b) A 7.3% Council Tax increase (including 1.3% in relation to the proposed Fire Authority Levy increase) and a 23/24 Budget requirement of £180.101m).
6. No further feedback was made by the Committee on the draft 2023/24 budget.

12 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 meeting of the previous meeting as a true record and there were no matters arising.

Confirmed at the Meeting of the Corporate Resources Overview and Scrutiny Committee held on 13 March 2023

Chairman:_____

Date:_____