

**Minutes of the Meeting of OVERVIEW AND SCRUTINY CO-ORDINATING COMMITTEE
held at the Hybrid - Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron / remotely via
video conference on Thursday, 2 February 2023**

PRESENT; Councillor Wyn Evans (Chair), Councillors Keith Evans, Geraint Hughes, Gwyn Wigley Evans, Marc Davies, Caryl Roberts, Ceris Jones, Endaf Edwards and Chris James.

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. Councillors Keith Henson, Matthew Vaux, Wyn Thomas, Alun Williams (Cabinet Members).
Councillors Elizabeth Evans, Gareth Lloyd, Hugh Hughes, Amanda Edwards and Euros Davies.

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; Lisa Evans, Standards and Scrutiny Officer, Dwynwen Jones, Overview and Scrutiny Officer and Nia Jones, Corporate Manager Democratic Services.

(10.00 - 11.20 am)

23 Apologies

Councillor Rhodri Evans apologised for his inability to attend the meeting. Councillor Wyn Evans (vice Chair) chaired the meeting as Councillor Keith Evans (Chair, who was present remotely), was recovering from an illness.

**24 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 Gareth Davies disclosed a personal interest with regards to the Mid & West Wales Fire Authority.

25 To consider the draft 2023/24 Budget as considered by Cabinet on 24/01/23

Councillor Wyn 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 were 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.
- He 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.

Members were advised to raise concerns regarding specific service areas at the relevant Scrutiny committees.

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 Overview and Scrutiny Committee will be considering the impact on Services within their individual remits on the 09/02/23 and 10/02/23.

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:

- The Chairman asked for additional information to be provided at each Overview and Scrutiny Committee, namely, a detailed breakdown of the operating budgets within each department. In response to this request, the Leader confirmed that the agenda papers will be in the same format as last year. The Chief Executive, Eifion Evans, encouraged Members to re-visit previous reports, such as quarterly revenue outturn reports presented to Cabinet and the Corporate Performance Board quarterly reports presented during the past financial year for such information. Scrutiny Committees were also entitled to consider any area of Service in their Forward Work programmes.
- In response to a question, Members present who represent the Authority on the Fire Authority confirmed that there had been considerable dialogue with the Chief Fire Officer this year and that it has been noted at meetings that Ceredigion will receive its share of the additional funding;
- In response to a question, it was confirmed that it is not illegal to use general reserves, albeit recognised as bad practice if other avenues have not been explored and considered in the first instance;
- In response to a question regarding Boosting the Economy, which is recognised as a priority in the Council's Corporate Strategy, it was confirmed that there is c£7m already in a specific earmarked reserve, and it is now proposed that no additional funding is set aside for this purpose in 2023/24;
- The Chairman suggested that any future briefing sessions with regards to the Budget includes an invitation for the Vice-Chair to attend.

Following discussion, Members **AGREED** the following:

1. To note Overview and Scrutiny Committees will consider the impact on Services within their individual remits on 09/02/23 and 10/02/23.
2. To note the overall Budget position as shown in the Budget report in Enclosure A.
3. The Committee did not propose any additional options with regard to the level of Council Tax other than those noted in the report, namely:
 - a) A 6.3% Council Tax increase (including 1.3% in relation to the proposed Fire Authority Levy increase) and a 23/24 Budget requirement of £179.627m, which would provide a lower contribution towards Delegated Schools Budget Cost Pressures.

- b) 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.
 - c) A 8.3% Council Tax increase (including 1.3% in relation to the proposed Fire Authority Levy increase) and a 23/24 Budget requirement of £180.576m, to provide a higher contribution towards Delegated Schools Budget Cost Pressures.
4. That the Overview and Scrutiny Committees to be held on 09/02/23 and 10/02/23 will need to consider the different options relating to the Council Tax.

REASON FOR RECOMMENDATIONS:

To assist with the preparation of a balanced budget and ensure appropriate scrutiny of the overall Budget being proposed.

26 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 18 January 2023 Committee meeting as a true record. 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 Overview and Scrutiny Co-ordinating Committee held on 22 March 2023

Chairman: _____

Date: _____