

Minutes of the Meeting of HEALTHIER COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

held at the Hybrid - Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron / remotely via video conference on Thursday, 8 February 2024

PRESENT: Councillor Caryl Roberts (Chair), Councillors Ceris Jones, Carl Worrall, Mark Strong, Amanda Edwards, Eryl Evans, Keith Evans, Ann Bowen Morgan, Gwyn James, Wyn Evans, Elaine Evans, Sian Maehrlein (until 12:15pm) and John Roberts.

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 Alun Williams, Clive Davies, Catrin M.S. Davies, Matthew Vaux, Keith Henson and Wyn Evans. (Cabinet Members).

Councillors Euros Davies, Meirion Davies, Chris James, Gwyn Wigley Evans, Hugh Hughes, Maldwyn Lewis, Elizabeth Evans, Gareth Lloyd a Rhodri Evans.

OFFICERS PRESENT: Eifion Evans, Chief Executive, Barry Rees, Corporate Director; James Starbuck, Corporate Director, Duncan Hall, Corporate Lead Officer, Finance and Procurement, Elin Prysor, Corporate Lead Officer and Monitoring Officer, Audrey Somerton-Edwards, Corporate Lead Officer, Donna Pritchard, Corporate Lead Officer, Alun Williams, Corporate Lead Officer, Elen James, Corporate Lead Officer, Greg Jones, Corporate Lead Officer, Justin Davies, Corporate Manager, Carwen Evans, Corporate Manager, Kirsty Dawson, Corporate Manager, Robert Davies, Veronica Evans, Ann James and Carys Fowles, Assistant Accountants, Dwynwen Jones, Overview and Scrutiny Officer, Neris Morgans, Democratic Services Officer and Nia Jones, Corporate Manager Democratic Services.

(9.30 am - 1.10 pm)

13 Apologies

Lowri Edwards, Corporate Lead Officer apologised for her inability to attend the meeting due to being on other Council duties.

14 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

15 Report on the draft 24/25 Budget

Councillor Caryl Roberts, 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

Osbourne 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.
- 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. The Cabinet Member and Section 151 Officer provided an explanation on the current policy regarding using general reserves and reminded Members that you can only use reserves once.
- 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, it was confirmed that letters at their request have been sent to all Primary and Secondary Schools in Ceredigion, providing Headteachers and Governors with the option to invite Staff (where a School deems it appropriate) to submit an expression of interest, in principle, to explore the option of voluntary redundancy.
- 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.
- It was suggested and agreed by Committee Members that there should be an agenda item at July's meeting to consider next year's budget.

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 Enclosures B, C and D.

D1 - Porth Cynnal

Cabinet Member and Portfolio:

Councillor Alun Williams

Cabinet Member for Through Age and Wellbeing Services

Target Cost Reduction / Savings 2024/25: £123k

Current Budget: £33.7m

D2 - Porth Gofal

Cabinet Member and Portfolio:

Councillor Alun Williams

Cabinet Member for Through Age and Wellbeing Services

Target Cost Reduction / Savings 2024/25: £996k

Current Budget: £15.5m

D3 - Porth Cymorth Cynnar

Cabinet Member and Portfolio:

- Councillor Alun Williams – Cabinet Member for Through Age and Wellbeing
 - Councillor Catrin MS Davies – Cabinet Member for Culture, Leisure and Customer Services
 - Councillor Matthew Vaux – Cabinet Member for Partnership, Housing, Legal and Governance and Public Protection
- Target Cost Reduction / Savings 2024/25: £ 222k**
Current Budget: £4.1m

D4 - Policy, Performance and Public Protection (Public Protection element)

Cabinet Member and Portfolio:

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

Target Cost Reduction / Savings 2024/25: £64k (out of £70k for P, P&PP)

Current Budget: £2.5m

Members then considered Enclosure E, Fees and Charges relating to the Healthier Communities Overview and Scrutiny Committee, pages 1-49 of the agenda papers.

Members then considered Enclosure F, Cabinet's proposal on Council Tax Premiums.

Main point arising from discussion are:

- In response to a question, an explanation was provided as to why the inflation percentage is 10.1%. Budget is 180 million, 18.1 million cost pressure, hence why inflation is 10.1%.
- A question was raised regarding the challenge faced by the Local Authority to retain existing Social Care staff who might be incentivised to become Agency Staff, therefore receiving a higher paid wage. The Chief Executive advised that the Authority's entire employment package is far better as there is the added value of a pension scheme plus many other benefits.
- It was confirmed that Ceredigion are registered on the micro enterprise service and it was agreed that an update would be provided to the Healthier Communities Committee at its Autumn meeting.
- In response to a question regarding the Carer Sitting Service and the review of carers receiving this service, it was confirmed that many service users are having repeated episodes outside the allocated six-week period. There is an opportunity to consider the needs of these carers alongside the Day Services and Respite Review. This is not a statutory service.
- Responding to a question regarding costs involved with unaccompanied Asylum-Seeking Children being placed in Ceredigion by the National Transfer Scheme, it was confirmed that the number has accelerated during 2023/2024 and that there are indications that the number is very likely to increase in 2024/2025. All costs incurred are not covered by the Home Office.

- It was confirmed that conversations are ongoing with the Health Board, in response to a question regarding an update in relation to maximising the use of Hafan y Waun.
- It was confirmed that a Review of Day Services and Respite workshop for Members is being held at Canolfan Padarn on the 22nd of February 2024,
- A Member asked how confident is the Cabinet that the budget is achievable? 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 confirmed that a robust balanced budget is achievable.
- 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 to commence consultation where necessary.
- Regarding the Housing Savings proposal, Enclosure D3, Porth Cymorth Cynnar, point number 2, page 140, this proposal is only achievable due to a one-off capital funding which must be spent by September 2024.
- It was confirmed that the stray dog duty will be integrated into the existing public protection team.

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.

Following discussion, Committee Members agreed that they had considered the above-mentioned recommendations and agreed to recommend that Cabinet:

1. Explore the possibility of utilising School Car Parks for users of the Wellbeing Centres, especially in Lampeter, as parking spaces are very limited and problematic. Users have reported that due to this issue, they have ceased using the facilities.

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.

16 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 22nd of November 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 Healthier Communities Overview and Scrutiny Committee held on 11 March 2024

Chairman: _____

Date: _____