



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Mawrth, 25 Tachwedd 2014
Tuesday, 25 November 2014**

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Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod Motion
under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir
trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In
addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol
Committee members in attendance**

William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour

Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Sian Davies	Managing Director, Vale of Glamorgan Council Rheolwr Gyfarwyddwr, Cyngor Bro Morgannwg
Y Cynghorydd/Councillor Dyfed Wyn Edwards	Arweinydd Cyngor Gwynedd Leader, Gwynedd Council
Christopher Lee	Cyfarwyddwr Grŵp, Gwasanaethau Corfforaethol a Rheng Flaen, Cyngor Bwrdeistref Sirol Rhondda Cynon Taf Group Director, Corporate and Frontline Services, Rhondda Cynon Taf County Borough Council
Y Cynghorydd/Councillor Neil Moore	Arweinydd Cyngor Bro Morgannwg Leader, Vale of Glamorgan Council
Alan Morris	Swyddfa Archwilio Cymru Wales Audit Office
Y Cynghorydd/Councillor Andrew Morgan	Arweinydd Cyngor Bwrdeistref Sirol Rhondda Cynon Taf Leader, Rhondda Cynon Taf County Borough Council
Nick Selwyn	Swyddfa Archwilio Cymru Wales Audit Office

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Michael Kay	Clerc Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Kath Thomas	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 08:59.

The meeting began at 08:59.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** We will make a start. Good morning to you all. Welcome to today's meeting of the Public Accounts Committee. I will just remind everyone that the National Assembly for Wales is a bilingual institution and that Members and witnesses should feel free to contribute to today's proceedings in either English or Welsh as they see fit. There are headsets available for translation, and these can also be used for sound amplification. I encourage everyone to switch off their mobile phones, or switch them to silent mode, because they can interfere with the broadcasting equipment. I remind witnesses, as they enter the room, that the microphones are operated remotely and that they do not need to press any buttons. In the event of a fire alarm sounding, we should follow the directions of the ushers. We have not received any apologies for absence this morning.

[2] We have a few papers to note. Members of the committee also made a visit to the Dáil in Dublin last week to share some learning experiences and meet colleagues from the public accounts committee in the Republic of Ireland. I think that those who attended would agree that it was an informative session that we had with the public accounts committee there, and that it actually gave us some confidence that we were doing things pretty well here too. Of course, we always have learning opportunities to look at and we will continue to do that for the future.

09:01

Papurau i'w Nodi Papers to Note

[3] **Darren Millar:** Moving to item 2 on our agenda, there are just a few papers to note. We have the minutes of our meeting held on 11 November. We have a letter from the Minister for Public Services on meeting the financial challenges facing local government in Wales, just setting out the Minister's views and priorities for action, including some timescales for progress on mergers. I will take it that that is noted. We may want to refer to that during the session this morning. We also have the letter that was shared with Members last week, which is here now for formal noting, from Andrew Goodall on NHS Wales health boards' governance, and a letter from the Permanent Secretary on the Welsh Government's policy relating to severance packages. Of course, we are going to be receiving a report on severance packages from the Wales Audit Office in the not too distant future. So, we will share that with the auditor general and his team. Finally, I have had a copy of a letter from Jocelyn Davies, as Chair of the Finance Committee, just accepting the resignation of a board member of the Wales Audit Office board. Can I take it that those are noted? I see that they are.

09:02

Cwrdd â'r Heriau Ariannol sy'n Wynebu Llywodraeth Leol yng Nghymru Meeting the Financial Challenges Facing Local Government in Wales

[4] **Darren Millar:** We will now move straight to item 3 on the agenda. I am very pleased to be able to welcome Councillor Dyfed Wyn Edwards, leader of Gwynedd County Council, and Councillor Andrew Morgan, leader of Rhondda Cynon Taf County Borough Council. Welcome to you, Andrew. I also welcome Councillor Neil Moore, leader of the Vale of Glamorgan Council. He is joined by Sian Davies, who I believe is managing director of the Vale of Glamorgan Council. We also have Chris Lee, who, I assume, is from Rhondda Cynon Taf County Borough Council. Is that right?

[5] **Mr Lee:** It is correct.

[6] **Darren Millar:** Excellent. We have obviously had a copy of a report, and we have been looking at the financial challenges facing the local government sector. We have sessions already with the Welsh Government and exchanged some correspondence with it just about its planning for the future and how it expects local government to meet the financial challenges. I think that there are a number of key themes that Members will want to look at today, particularly in terms of how well local authorities have responded so far to the financial challenges that have been before them, and what justification there can be for the level of reserves that are being held by local authorities, and whether elected members have the sufficient drive to deliver the savings that are required, going forward, and indeed take forward the opportunities that there might be as a result of mergers.

[7] So, why do we not start with the question on the response of local authorities so far? Do you feel, as three local authorities before us, that you have grasped the nettle in terms of the scale of these challenges? What savings have you delivered as local authorities over the past few years, and have your services been transformed to the extent that they need to be transformed in order to make the savings that are required going forward? We will start with you, Councillor Edwards.

[8] **Mr Edwards:** Diolch yn fawr iawn, Gadeirydd. Os caf, gofynnaf ichi ddefnyddio'r offer cyfieithu, os gwelwch yn dda. Diolch yn fawr am y cwestiwn, sydd yn gwestiwn allweddol. Hoffwn bwysleisio nad dechrau o'r fan hon yr ydym ni, mewn gwirionedd. Mae'r toriadau wedi bod yn ein wynebu, yn arbennig yn y siroedd gwledig, ers rhai blynyddoedd bellach. Rydym wedi gwneud arbedion o £16 miliwn yng Nghyngor Gwynedd yn ystod y tair blynedd diwethaf. Rydym yn awr yn wynebu sefyllfa o geisio gwneud arbedion o ryw £40 miliwn yn ystod y tair neu bedair blynedd nesaf.

[9] Rwy'n pwysleisio felly nad rhywbeth newydd yw beth yr wyf i'n ei alw—ac nid wyf yn defnyddio'r geiriau'n ysgafn—yn argyfwng ariannol. Yr hyn yr ydym wedi llwyddo i'w wneud hyd yma yw creu yr hyn yr ydym yn ei alw'n arbedion effeithlonrwydd, sydd yn ymwneud, fel yr ydych chi wedi cyfeirio ato, â gwneud yr arbedion hynny nad ydynt yn taro ar wasanaethau rheng flaen, a thrawsnewid gwasanaethau. Nid yw hynny'n gallu digwydd dros nos. Mae'n haws, wrth gwrs, i wneud toriad—sef cymryd eich cylllell, torri'r ffigur allan ac mae'r gwasanaeth yn stopio. Mae gwneud arbedion effeithlonrwydd—er, wrth gwrs, mai dyna yw'r dymuniad—yn anoddach. Mae angen mwy o amser arnoch i wneud y gwaith, mwy o amser swyddogion ac mae'n cymryd mwy o amser i drawsnewid y gwasanaethau. Rydym wedi llwyddo i wneud hynny, rwy'n credu, yn ystod y blynyddoedd diwethaf. Bellach, rydym ni'n rhedeg allan o opsiynau, ac rydym yn edrych ar raglen o doriadau i'r dyfodol. Mae'n wir dweud ein bod yn gorfod gwneud hyn law yn llaw â'r agenda moderneiddio a thrawsnewid, ac, yn hynny o beth, rwy'n credu bod y dywediad hwnnw yn wir, sef, *never waste a good crisis*. Mae hynny, mewn ffordd ryfedd iawn, wedi bod o gymorth yn y gorffennol, ond mae'n wir dweud ein bod ni mewn byd newydd gyda'r toriadau erbyn hyn.

Mr Edwards: Thank you very much, Chair. If I may, I will ask you to use the interpretation equipment, please. Thank you very much for that question, which is a key question. I emphasise that we are not starting from this point, if truth be told. The cuts have been facing us, particularly in the rural counties, for some years now. We have made savings of £16 million in Gwynedd Council over the past three years. We now face a situation of trying to make savings of around £40 million over the next three or four years.

So, I emphasise that what I would call a financial crisis—and I do not use those words lightly—is not something new. What we have succeeded in doing so far is creating efficiency savings which are related to, as you have mentioned, making those savings that do not hit front-line services, and also transforming services. That cannot happen overnight. It is easier, of course, to make a cut—just to take a knife, cut that figure out and then the service stops. Making efficiency savings—even though that is what is sought—is harder to do. You need more time to do that, it takes more time from officials and it takes more time to transform services. We have succeeded in doing that over the past few years, but we are now running out of options, and we are now looking at a programme of future cuts. It is true that we have to do this hand in hand with the modernisation and transformation agenda, and, in that regard, I think that the saying is true: never waste a good crisis. That, in a strange way, has been of assistance in the past, but it is true to say that we are in a new world with the cuts that we are now facing.

[10] **Darren Millar:** In terms of the savings that you have made already as a local authority, are they sustainable savings or have they been one-off savings in individual financial years?

[11] **Mr Edwards:** Na, rydym yn cyllido dros gyfnod o bedair blynedd mewn gwirionedd. Nid ydym yn cymryd penderfyniadau cyllidol o flwyddyn i flwyddyn ond, yn hytrach, rydym yn edrych dros bedair blynedd. Rydym ni'n edrych ar yr arbedion yn yr amlen honno, os leiciwch chi, ac yn gosod y dreth gyngor ar gyfer y cyfnod hwnnw, er mwyn yr union bwynt yr ydych chi'n ei wneud, sef sicrhau bod ein cyllideb ni'n gynaliadwy—heb fynd i fyny ac i lawr fel graff yn nodi'r tymheredd o ddydd i ddydd—a'i bod yn gyson ac yn gynaliadwy ac yn edrych ar yr hirdymor yn hytrach na'r tymor byr.

Mr Edwards: No, we budget over a period of four years. We do not take budgetary decisions from year to year, but rather we look at a four-year period. We look at the savings in that envelope, if you will, and set council tax for that period, for the reason that you outlined, which is to ensure that we can budget in a sustainable manner—and that we do not go up and down like a graph noting the temperature from day to day—and to be consistent and sustainable in looking at the long term rather than at the short term.

[12] **Darren Millar:** You have just indicated that you make budgeting decisions over a four-year period. How on earth are you able to do that, given that you do not know from one year to the next what resources you are getting in your revenue support grant from the Welsh Government?

[13] **Mr Edwards:** Mae'n fater o amcangyfrif, ac yna disgwyl i weld beth yw'r setliad yr ydym yn ei gael. Er enghraifft, rydym ni wedi amcangyfrif y byddwn ni'n derbyn setliad o lai na 3.5% ar gyfer y cyfnod. Rydym ni'n addasu wedyn pan fo'r ffigurau hynny'n dod yn real inni. Dyna yw ein dymuniad ni—cynllunio dros yr hirdymor, oherwydd, rwy'n meddwl mai dyna'r ffordd gynaliadwy inni geisio trin y gyllideb.

Mr Edwards: Yes, it is a matter of estimation, and then waiting to see the level of the settlement we receive. For example, we have estimated that we will receive a settlement of less than 3.5% for the period. So, we adapt when those figures become real. That is our wish—to plan over the long term, because we think that that is the most sustainable manner of dealing with the budget.

[14] **Darren Millar:** I can certainly see the merits of doing that. So, what you are telling me is that you take a worst-case scenario over the four-year period, and then if you get any extra dollops of cash, that helps you to make ends meet and provide things that you would not have otherwise been able to do, or to reform services in a way that you would not have been able to do.

[15] **Mr Edwards:** Ie, efallai mai'r ffordd orau o'i roi yw ein bod yn paratoi ar y gwaethaf ond yn gobeithio am y gorau.

Mr Edwards: Yes, perhaps the best way of putting it is that we prepare for the worst but hope for the best.

[16] **Darren Millar:** Okay. Sandy wanted to come in on this, and then I will open up the question a little bit more to Rhondda Cynon Taf and the Vale of Glamorgan.

[17] **Sandy Mewies:** My question was leading from this, but not particularly on that point. It was about reserves, actually, and how they look at their reserves over four years.

[18] **Darren Millar:** We will come back to you on that then. I will allow Andrew Morgan and Neil Moore to respond to the initial thrust of the question and then we will unpack the

reserves issue.

[19] **Mr Morgan:** The situation is very similar to what has already been said. At my own authority, we have a target every year of efficiency savings. We are building into next year's budget a target of £4 million, so that is trying to make savings in back-office services without changing the front line. Over recent years, we have made almost £16 million worth of efficiency savings by procuring things differently and using different ways of working. We have had to make a significant number of cuts, because, even this year, we had a budget gap of around £20 million and, going forward to next year, our budget gap as it stands is around £31 million. We have had to make a number of in-year cuts to services and service changes to try to get us there because, of course, we cannot leave it until we get the final settlement because we simply would not have time then to implement all of those service changes.

[20] **Alun Ffred Jones:** Rydych chi newydd ddweud bod gennych chi fwelch o £31 miliwn yn eich cyllideb. A yw hynny ar gyfer y flwyddyn nesaf yn unig? Hynny yw, mae gennych chi gostau ar hyn o bryd sydd £31 miliwn yn uwch na'r arian y byddwch yn ei dderbyn. Ai dyna rydych yn ei ddweud? **Alun Ffred Jones:** You have just said that you have a gap of £31 million in your budget. Is that for next year only? That is to say, you have costs at present that are £31 million higher the amount of money that you are receiving. Is that what you are saying?

[21] **Mr Morgan:** In effect, yes. Based on our current council tax level and the provisional settlement, if we were to continue providing the same services next year as we provide now and also taking into account the additional pressures, such as inflation, pay inflation for staff, the increases in social services in particular, but also children's services, and add in all of the additional pressures where service budgets simply cannot be cut and we have to increase those budget lines, the gap between the cash that we will have to spend and what is necessary, if we were to continue doing everything next year that we are doing now, for my authority is just over £31 million.

[22] **Darren Millar:** Neil Moore, do you have anything to add to that?

[23] **Mr Moore:** Yes, we are in a similar scenario, really. We carry out budget exercises over a three-year period. They are not the worst-case scenarios; they are actually quite measured. We look at what we consider to be a reasonable rate of savings. What we have done over the last three years has saved about £29 million. That has been done through efficiency and low-impact savings, so far. However, we have also identified that, over the next three years, we are likely to have to save about £32 million. For next year, so far, we have identified about £14 million of those, but we have to go further to find the rest, either through efficiency or, let us be blunt, by changing the way in which we carry out our services.

[24] We have all realised that we cannot continue to do everything as we used to do. Doing the same is not an option. We have to think about transforming services and we have to look at the way in which we carry out the services through collaboration and other options, whether with the private sector, even, or the third sector, or other issues like that. We have a budget for the long term; we budget over a three-year period, as I said. We have a medium-term financial plan, which we deal with in August. We also come back to it at the time at which we set our budgets. So, basically, it is a case that is very similar to the others. We have to look at transforming the way in which we carry out our services and I think, later on, we will be talking about one way in which we have done that in collaboration with other authorities, too.

[25] **Darren Millar:** Just to clarify—because both of you are budgeting over three or four-year periods as local authorities, as you have indicated—what assumptions do you make? I know that you may have been looking at worst-case scenarios in order to help you to deliver

the biggest savings that you might be able to, but what assumptions do you make? How are you able to make assumptions on a three or four-year basis, particularly given that the Welsh Government does not give you those figures or assurances?

[26] **Mr Moore:** That is very true. We always look at what we consider inflation could be. We look at the projections anyway, because the Wales Audit Office has come out with various scenarios. We have been told in some of the documents that have come out that we will have a slump until possibly 2016-17, or possibly beyond, but we know that austerity and the recession will probably go on beyond 2020, and possibly further. So, we take not necessarily the worst-case scenario, but we look at something that we think is a reasonable attitude to take. However, we look at all of the projections that we can possibly look at. It is a guesstimate; it has to be a guesstimate, because unfortunately, the way in which the Welsh Government and, in fact, the Westminster Government, give us the finances means that we cannot do it over a longer term. We do not know what the long-term projection will be.

[27] **Darren Millar:** Do you take a view as a Welsh local government sector, as it were? For example, does the Welsh Local Government Association give you an indication over a three or four-year period as to what it anticipates you should be budgeting for?

[28] **Mr Moore:** Yes. I think that that is the case. Each year, what we do with the medium-term financial plan is to look at our service delivery and any cost pressures. Obviously, you have to look at things like inflation and all the rest of it, and our committed spends. So, you always have to look at that anyway. You look at anticipated areas in relation, for example, to new legislation that comes out. Sometimes, you cannot see what will come to hit you like a brick wall. For example, the First Steps initiative. It was a great initiative, but it cost us a considerable amount of money, which we could not commit ourselves. However, based on what has happened in the past, you then make predictions as to what will happen in the future. There is no other way of doing it.

[29] **Darren Millar:** We will come on to some of the extra statutory responsibilities and duties that you have been given in a few moments, because, of course, there was a report published on environmental health services that the committee will want to draw on as it asks you questions this morning. We are going to come now to Sandy Mewies.

09:15

[30] **Sandy Mewies:** On the issues that have just been raised, and looking at your three authorities, you have made savings yourself over the past three years. Can you, first of all, say how many of those were recurring savings and how many were one-off? There are some things that you can only do once and some things that are recurrent. A percentage would do. Secondly, I am particularly interested in the people who are looking at four-year budget cycles, how you link in your reserves, how much of your usable reserves would be available, and the whole of your general reserves. How do you look at that over a four-year cycle? I take Mr Moore's point entirely that there are things that you will look at yearly—pay rises, inflation, demographics and all that sort of thing—but there are some things that are very unexpected, and that is one reason that you have reserves, or part of your reserves anyway. So, in that case, how do you look at your reserves? I see that Gwynedd has £68.6 million, which is looked at as usable; Rhondda Cynon Taf has £100.4 million as usable and the Vale of Glamorgan has £306.2 million in reserves as usable. How you link in that planning—I would not expect anyone, and I do not suppose that the Welsh Government expects you, to rely on your reserves to pull something out of the hat for you, but how do you look at them in that cycle?

[31] **Mr Moore:** I can give you the answer as to whether they are recurring or not. They are all recurring. There is no point in taking a saving in one year, because you are still going

to have to come back to it the following year. In terms of reserves, we take those into account anyway when we set our budgets, because it is part of our strategy anyway. We have a financial strategy whereby, for example, in the next couple of years, we intend to use our reserves. Over the last couple of years, we have been able to build some of them up, but for that very reason. The difficulty—

[32] **Sandy Mewies:** That is what I was interested in. You have been building them up because of that.

[33] **Mr Moore:** Yes, that is the whole purpose, but we have been building up reserves for other issues too. For example, the school investment strategy is a major plank within our strategy and our way forward but, clearly, we have put the reserves up over the last couple of years. However, we are actually now planning to use them for the next three years at least. That is part of the strategy in order to alleviate the problem. As I said, we will be looking at savings over several years, but sometimes something happens where that saving is not going to be made, but you still need that fall back. However, we are also mindful of the fact that you cannot use all of the reserves all of the time, and currently, we have reserves that we can use over the next three years or so, but we will never get back, as far as we are concerned—. Some people say that it should be 5%. If it was 5%, it would be about £10 million or £11 million as far as we are concerned. We have taken advice from an officer, and we think that £7 million would be a reasonable amount of reserve to carry, and we intend to get to that by the next three or four years. So, it is part of the strategy and it always has to be.

[34] **Mr Edwards:** Diolch am y cwestiwn ynglŷn â ‘reserfau’, sydd yn bwnc amserol, mae’n debyg. I egluro ein sefyllfa ni yng Ngwynedd, mae gennym ‘reserfau’ sydd yn 2.2% o’n gwariant gros, sef £8 miliwn o falansau cyffredinol sydd ar gael. Mae gennym £60 miliwn o ‘reserfau’ penodol, sydd wedi’u neilltuo ar gyfer gwariant penodol, megis ysgolion yr unfed ganrif ar hugain, trawsnewid gwasanaethau, cynllun buddsoddi i arbed a thaliadau diswyddo, ond fel rydych chi a’m cyfaill eisoes wedi nodi, mae’n rhan o’r ymdrech i lenwi’r bwlch yn yr arbedion hefyd. Gyda’r ‘reserfau’ dros gyfnod o dair neu bedair blynedd, rydym yn cymryd ffigur penodol allan o’r ‘reserfau’ ar gyfer hynny bellach, ac mae’r ‘reserfau’ sydd ar gael yn 2.2% o’n gwariant gros.

Mr Edwards: Thank you for the question about reserves, which is a very timely topic, it seems. Just to explain our situation in Gwynedd, we have reserves that are 2.2% of our gross expenditure, namely £8 million of usable general balances. We have £60 million in specific reserves, earmarked for specific expenditure, such as twenty-first century schools, transforming services, the invest-to-save scheme, and redundancy payments, but as you and my colleague have already noted, that is part of the effort to fill the gap as a result of cuts as well. With the reserves over a three or four-year period, we are taking a specific figure out of the reserves for that now, and the usable reserves are 2.2% of our gross expenditure.

[35] O ran yr hyn rydych wedi nodi am yr arbedion—a ydynt yn arbedion hirdymor—rwy’n meddwl bod arbedion effeithlonrwydd rydym wedi eu cyflawni yn rhai sy’n trawsnewid gwasanaethau, yna mae’r arian wedi dod allan yn yr hirdymor, yn barhaol, ac, yn hynny o beth, mae’n mynd o flwyddyn i flwyddyn, wrth gwrs.

In terms of what you have noted about savings—whether they are long-term savings—I think that efficiency savings that we have delivered are ones that transform services, so the money has come out in the long term, on a permanent basis, and, in that sense, they are recurring, of course.

[36] **Sandy Mewies:** So, you are saving from the changes that you have made?

[37] **Mr Edwards:** Yes, absolutely.

[38] **Darren Millar:** Did you want to comment on your reserves, Mr Morgan?

[39] **Mr Morgan:** Yes. The term ‘usable reserves’ is not quite, perhaps, an accurate picture. When I look at our own reserves in Rhondda Cynon Taf, it has been mentioned that we have a very high figure—well over £100 million—but that is not something that we can just spend as we want. In particular, over £30 million of that is our insurance fund, because we do a lot of self-insurance. So, it may be classed as usable reserves, but, if we were to use it and a school burned down, or something happened, then, obviously, we have to self-insure.

[40] **Sandy Mewies:** I was a county councillor, so I—

[41] **Mr Morgan:** It is classed as usable, but, of course, if we use it, we put our local authority at risk. The same with our general reserves—if we go below the set level, which is quite small as a percentage, the Wales Audit Office will be saying to us about eating into those reserves. However, in this financial year, we have set aside £5.2 million of reserves, which are being used to fill the shortfall in the current financial year, and we probably anticipate using a similar figure—maybe a little bit more—for next year. However, as my colleagues have pointed out, when you use the reserve, we call it a transitional fund, because, of course, it is only a one-off, and all it does is delay service change. Unless you can keep putting that extra £5 million in every year, you have to find a service change, or a cut, or some way of plugging that gap, in the next financial year.

[42] **Mr Edwards:** A gaf i danlinellu'r pwynt, rhag ofn? Mae rhyw syniad bod gennym ni ‘reserfau’ yn nofio o gwmpas y cynghorau. I bwysleisio, nid wyf yn credu y byddai'r un ohonom yn dymuno gweld y newid i'n gwasanaethau rydym yn gorfod ei wneud, megis ystyried cau adnoddau a chael gwared ar wasanaethau, a bod ‘reserfau’ yn y drôr i ni estyn amdanynt. Mae'n gwbl amlwg, rwy'n credu, pe bai ‘reserfau’ ar gael i ni, y byddem yn eu defnyddio, ac rydym yn eu defnyddio. Mae'r syniad bod gennym filiynau mewn rhyw gyfrif yn rhywle, yn aros amdanom, yn gamarweiniol, os gaf fi bwysleisio hynny.

Mr Edwards: May I underline the point, in case? There is some notion that we have reserves swimming around the councils. To emphasise, I do not believe that any of us want to see the service changes that we are having to make, such as considering closing down resources, and getting rid of services, while we had resources in the drawer for us to reach for. It is clear, I think, that, if there were reserves available to us, we would use them, and we are using them. The idea that we have millions in some account somewhere, waiting for us, is misleading, if I could emphasise that.

[43] **Darren Millar:** It is interesting that you say that, because, over these past few years of austerity, where local authorities have been bleating about the pressures that you are all facing, the level of reserves has actually been built up significantly, including the general reserves—the reserves that are not earmarked—from £152 million, according to the figures that we have, in 2009-10, up to £192 million in the 2013-14 financial year. That is a significant increase, at a time when local authorities have been—as the public would perceive—cutting back on expenditure in significant areas. So, I can appreciate what you say about some reserves being earmarked for service transformation, and some reserves being earmarked for capital investment et cetera, but people will find it difficult, will they not, to swallow the pill of, ‘Well, we just do not have the levels of reserves that we require in order to deliver the changes that we need’?

[44] **Mr Moore:** I think that that is a little unfair, to be honest.

[45] **Darren Millar:** Well, yours is the largest reserve in the whole of Wales, is it not, as a local authority?

[46] **Mr Moore:** Possibly.

[47] **Darren Millar:** It is 34% of your annual income.

[48] **Mr Moore:** You also have to look at what it is earmarked for. That is one of the areas. One thing that we have is one of the largest school investment strategies, that is carrying on in Wales, anyway. However, as I said to you earlier, one thing that we decided to do, as part of the strategy, was to build that up, so that it could be used for the very purpose that Sandy Mewies asked about earlier, and so that we can use them now to soften the blow, if you want, to get to the transformation agenda that we are going through. We are currently doing something that we call the reshaping of the services, where we are working together with all parties. We have carried out different changes to some of the contracts, and we have looked with other authorities, but, clearly, that was part of the strategy. We have never shied away from that; we have made it perfectly clear, and have been perfectly transparent, and, over the next three years, we have shown how much of those reserves in the general fund we will be using. As far as the earmarked reserves are concerned, then they are clearly set out. Indeed, I know that we sent a letter to Clare Smith and also to Leighton recently indicating what reserves we have, what they are for, and that is very open and transparent. It is part of the overall strategy in order to get through what we knew were the austerity measures. Let us be honest: austerity is not finished. We knew about things that were coming in relation to the benefit sections and all the rest of it, some of which has not kicked in yet, although I am sure that it will. So, there is more to come.

[49] **Darren Millar:** So, around 30% of the total reserves held by local authorities in Wales are held by the Vale of Glamorgan. All local authorities have to meet the twenty-first century schools challenge. Why does your local authority have to hold so much more in its reserves than other local authorities, Councillor Moore?

[50] **Mr Moore:** I thought I had explained that to you.

[51] **Darren Millar:** Not adequately, or I would not be asking the question.

[52] **Mr Moore:** Fair enough.

[53] **Darren Millar:** Why is it so different in the Vale of Glamorgan?

[54] **Mr Moore:** Perhaps because we have taken a long-term view of this over very many years. One of the things we did about five or six years ago was sit down and look at the way that all of our services were being provided, and we actually took a long-term view of how we will provide those services. Now, I think that we have been prudent. I think that we have been reasonable. I think that we have been transparent. If that is wrong, then fine, that is wrong.

[55] **Darren Millar:** Okay, so are you suggesting that your two colleagues have not taken a long-term view? What do you make of that, Councillor Edwards?

[56] **Mr Edwards:** Wel, rwy'n deall eich pwynt chi, Gadeirydd. Mae yna waith gennym ni fel awdurdodau i egluro'r mater o 'reserfau' oherwydd mae'n bwynt digon teg bod y cyhoedd yn mynd i hoelio sylw ar hynny. Bydd gennych chi farn, bydd gennym ni farn, a bydd gan bawb arall farn. Gadewch inni edrych ar y farn annibynnol, felly, sef un Swyddfa Archwilio Cymru. O ran fy awdurdod i, mae'r swyddfa archwilio wedi

Mr Edwards: Well, I understand your point, Chair. We have work to do as authorities to explain the issue of reserves, because it is a fair enough point that the public is going to focus in on that. You will have an opinion, we will have an opinion, and everyone else will have an opinion. Let us look at the independent opinion, namely that of the Wales Audit Office. In terms of my authority, the audit office has come to the conclusion

dod i gasgliad bod ein lefel ni o 'reserfau' yn dderbyniol, ac rwy'n credu dyna'r ffordd: os ydym ni eisiau dod i gasgliad annibynnol, gadewch inni edrych ar waith Swyddfa Archwilio Cymru, sy'n archwilio pob un awdurdod ac yn rhoi barn am y 'reserfau'. Efallai mai dyna'r lle i hoelio sylw arno, os caf awgrymu hynny.

that our level of reserves is acceptable, and I think that that is the way to go: if we want to come to an independent conclusion, let us look at the work of the Wales Audit Office, which audits each and every authority and gives an opinion on the reserves. Perhaps that is where we should focus our attention, if I may suggest that.

[57] **Mr Morgan:** Our situation is very similar. I would say that our accounts are signed off by the Wales Audit Office, and they are quite clear in showing the way we have accounted and what we say our reserves are going to be used for. Although I mentioned earlier the insurance fund, I would also just mention some others from my own authority. We have around £4 million-worth where we hold school balances. We have over 100 schools, so when you proportion that out, it is only a small amount. Nobody, I am sure, is suggesting that we take money back off the schools. We have a private finance initiative school, which was built by a previous administration, where the Welsh Government passports a large block of funding to us, which we cannot use. That money sits in our account, and then we use that to repay the loan each year. That is total unusable funding, because if we were to spend that funding, we would simply have to find it and replace the funding. So, when you go through the reserves, there is actually very little flexibility. As has been mentioned by colleagues, if somebody thinks that we could just simply spend all our reserves and avoid the cuts and service changes, it is not possible. As I have said, we are using £5.2 million this year, and we are going to be using a similar figure for next year's budget strategy. However, as Councillor Moore has said, over the last few years, we have been planning, knowing that these impacts on service changes and welfare reforms were coming through, so we are trying to set some funding aside. As I said, the big figures that people refer to, they are reserves that we cannot use, so if we had not built up some funding over the last couple of years, we would not now have reserves available for us to spend as part of our transitional funding.

[58] **Darren Millar:** Can I just bring in the Wales Audit Office here, just to clarify the comments that you had put in there, in the set of accounts, in relation to reserves? Alan Morris.

[59] **Mr Morris:** Yes, thank you, Chair. As part of our annual audit of accounts, we do consider the level of reserves. We would typically comment or raise concerns where we thought there was a risk of their becoming too low, and that the authority might be being a bit imprudent, and that there were risks of it not being able to meet its future liability. So, that is where we would be likely to make a comment. We are currently undertaking some work which is looking more broadly at financial planning and financial management in authorities, and we are looking more broadly at reserves as part of that. So, we will be able to report in the new year, perhaps looking more at how authorities are utilising their reserves. That is work that goes beyond our accounts audit work, which would tend to just make sure that they are accounted for properly, and we would flag up concern if we thought that things were getting too low.

[60] **Darren Millar:** Just to confirm, you would not comment in a set of audited accounts if you felt that the level of reserves was too high.

09:30

[61] **Mr Morris:** What we would look at is what lies behind the reserves. As has been pointed out, earmarked reserves are there for a purpose, so we would want to make sure that there was a clear rationale for why reserves had been earmarked for a purpose—and we find that that is the case.

[62] **Darren Millar:** But you would not comment if you thought that they were too high.

[63] **Mr Morris:** Not as a matter of level alone.

[64] **Sandy Mewies:** So, from what you just said then, what you would be looking at in the future is whether reserves are being used strategically as part of the budget cycle.

[65] **Mr Morris:** Yes, the work that we are doing now is looking more broadly at financial planning and the authorities' financial strategies and we will be reporting on that in the new year.

[66] **Aled Roberts:** Could I ask a question?

[67] **Darren Millar:** Are these questions on reserves specifically?

[68] **Aled Roberts:** Yes.

[69] Yn amlwg, mae gan y Gweinidog Gwasanaethau Cyhoeddus farn eithaf pendant hefyd, achos mae wedi anfon llythyr atoch chi i gyd yn dweud ei fod yn codi pryderon ynghylch lefelau cronfeydd wrth gefn. Felly, a ydych i gyd wedi ymateb? Rwy'n meddwl bod gofyn i chi ymateb erbyn 14 Tachwedd. A oes gennych unrhyw sylw ar yr archwilio presennol, sydd yn codi cryn bryderon hefyd ynglŷn ag ansawdd a chwmpas polisiau o fewn cynghorau, polisiau ynglŷn â chronfeydd wrth gefn, yn dweud bod yna anghysondeb o ran y polisiau yma o fewn cynghorau?

Evidently, the Minister for Public Services also has quite a definitive opinion, because he has sent you a letter, saying that he is raising concerns about the levels of reserves. So, have you all responded? I think that you have been asked to respond by 14 November. Do you have any comment on the current audit, which raises considerable concerns about the quality and scope of the policies within councils, policies on reserves, saying that there is inconsistency in terms of these policies within councils?

[70] **Mr Edwards:** A ydych chi eisiau i mi geisio ateb hynny, Gadeirydd?

Mr Edwards: Do you want me to try to respond to that, Chair?

[71] **Darren Millar:** Yes, please.

[72] **Mr Edwards:** O ran llythyr y Gweinidog, mae gennyf gopi o fy ymateb i fan hyn. Mae croeso i chi ei gael, fel pwyllgor. Mae gan y Gweinidog gopi. Roedd ei lythyr yn gofyn am eglurhad, ac mae'n hollol rhesymol gwneud hynny. Rydym wedi rhoi ymateb manwl, fel pob cyngor arall. Mae rŵan yn fater i'r Gweinidog ystyried yr wybodaeth honno ac ymateb. Os bydd angen cael polisi cenedlaethol ynglŷn â 'reserfau', mater i'r Llywodraeth yw hwnnw, ond byddwn i'n tybio bod yna ddymuniad i sicrhau bod gydag awdurdod y grym i ymateb i amgylchiadau lleol. Er enghraifft, yng Ngwynedd, rydym yn gwybod bydd y ganran o'r boblogaeth sydd dros 80 oed yn codi 10% erbyn 2020, ac erbyn 2026, bydd

Mr Edwards: In terms of the Minister's letter, I have a copy of my response here. You are welcome to have it, as a committee. The Minister has a copy. His letter asked for an explanation, and it was entirely reasonable to do that. We have given a detailed response, as has every other council. It is now a matter for the Minister to consider that information and respond. If it is necessary to have a national policy on reserves, that is a matter for the Government, but I would assume that there is a desire to ensure that an authority has the power to respond to local circumstances. For example, in Gwynedd, we know that the percentage of the population aged over 80 will increase 10% by 2020, and by 2026, it will have increased 20%. We have

wedi codi 20%. Mae'n rhaid i ni fod yn barod i ymateb i hynny: y pwysau ar wasanaethau a'r angen inni ddarparu gwasanaethau ar gyfer y ganran honno o'r boblogaeth. Felly, mae ein hamgylchiadau ni o bosibl yn wahanol i amgylchiadau ambell gyngor arall.

[73] Rwy'n credu ei fod yn deg i hoelio sylw ar 'reserfau'. Mae angen inni ymateb i unrhyw gwestiwn gan y Gweinidog, ond yn yr un modd, mae angen inni gael trefn gyllidol sy'n mynd i ymateb i anghenion ein siroedd ni dros gyfnod. Rwy'n credu bod yna fater o daro cydbwysedd fan hyn. Rwy'n meddwl bod yna rôl i edrych ar ymarfer da, a bod hynny ar gael drwy Gymru, efallai drwy'r swyddfa archwilio a'r gwaith y mae'r swyddfa archwilio yn mynd i'w wneud. Rwy'n credu bod hynny'n dda o beth, ond yn yr un modd, rhaid inni sicrhau bod cynghorau yn gallu ymateb i amgylchiadau lleol felly.

[74] **Aled Roberts:** A gaf i jyst ofyn un cwestiwn arall? Wrth ichi symud ymlaen ac edrych ar eich strategaeth o ran cronfeydd wrth gefn, faint o gysondeb sydd yna? Roedd y tri ohonoch chi'n sôn am ddisgwyliadau, gan roi rhyw fath o esboniad neu gan edrych ymlaen ynglŷn â'r sefyllfa ariannol am dair neu bedair blynedd. A oes cysondeb ar lefel Cymru o ran eich disgwyliadau o ran chwyddiant? Roeddech yn sôn am chwyddiant ac am lefelau'r dreth gyngor. A oes rhyw fath o drafodaethau fel bod rhyw fath o gysondeb ar draws Cymru ar y lefel honno? Rwy'n derbyn bod democratiaeth leol yn bwysig, ond faint o anghysondeb sydd yna ynglŷn â'r disgwyliadau wrth ichi edrych ymlaen?

[75] **Mr Edwards:** Rwy'n credu ein bod fel cymdeithas llywodraeth leol yn ceisio dehongli, er enghraifft, ddatganiad y Canghellor yn San Steffan a gweld y rhagolygon hirdymor. Rydym wedyn yn gallu ystyried beth yw anghenion chwyddiant a phosibiliadau codiadau cyflog o ran y gweithlu ac yn y blaen. Wedyn, rwy'n credu ei fod yn wir i ddweud bod pobl ar lefel leol—22 o awdurdodau unigol—yn dehongli pethau yn ôl eu hamgylchiadau nhw. Mater i eraill yw dweud a yw rhai yn gor-optimistaidd a rhai ddim yn ddigon optimistaidd—nid wyf yn gwybod. Dim ond hyn a hyn y gallwch ei wneud ar lefel

to be prepared to respond to that: the pressure on services and the need for us to provide services for that percentage of the population. Therefore, our circumstances are possibly different from those of certain other councils.

I think it is fair to focus on reserves. We need to respond to any questions from the Minister, but by the same token, we need to have a funding regime that is able to respond to the needs of our counties over time. I think that there is an issue of striking that balance in this area. I think that there is a role to look at good practice, and that that can be seen throughout Wales, perhaps through the audit office and the work that the audit office is going to do. I think that that is a good thing, but by the same token, we must ensure that the authorities have the ability to respond to local circumstances.

Aled Roberts: Can I ask just one more question? In looking forward at your strategies for dealing with reserves, how much consistency is there? The three of you mentioned expectations and gave some kind of explanation or were looking forward to the financial situation in three or four years' time. Is there consistency at the Wales level in terms of your expectations on inflation? You mentioned inflation and council tax levels. Are there any discussions so that there is some degree of consistency across Wales on those levels? I accept that local democracy is important, but how much inconsistency is there in terms of your expectations as you look ahead?

Mr Edwards: I think that we as a local government association try to interpret, for example, the Chancellor's autumn statement at Westminster to see the long-term prospects. We can then consider what our inflation needs are and the possibility of having salary increases for the workforce and so on. Then, I think it is true to say that people at the local level—the 22 individual authorities—interpret those issues according to their own circumstances. It is a matter for others to say whether some are overly optimistic or some of us are not optimistic enough—I do not know. There is only so much you can do at the national level, I think,

genedlaethol, rwy'n credu, sef ar y materion megis chwyddiant, cyflogau ac yn y blaen. Mae'r gwaith hwnnw'n cael ei wneud drwy Gymdeithas Llywodraeth Leol Cymru.

namely on matters such as inflation, salaries and so on. That work is being done through the Welsh Local Government Association.

[76] **Aled Roberts:** Beth yw'r ffigur yr ydych yn gweithio arno ar gyfer y flwyddyn nesaf, felly, o ran chwyddiant a chodiadau'r dreth gyngor?

Aled Roberts: What is the figure that you are working on for next year, then, in terms of inflation and council tax increases?

[77] **Mr Edwards:** O ran y setliad, rydym yn gweithio ar ffigur o -3.5%, rwy'n meddwl. Fel polisi, rydym yn gosod y dreth gyngor o gwmpas 3.5% o flwyddyn i flwyddyn. Mae hynny wedi'i adeiladu i mewn i'n cyllideb ni dros y dair neu bedair blynedd hynny. Bydd yn gallu amrywio i fyny rhywfaint neu i lawr rhywfaint, gan ddibynnu ar yr union setliad. Dyna ein golwg tymor hir ar y dreth gyngor.

Mr Edwards: In terms of the settlement, we are working on a figure of -3.5%, I think. As a policy, we set council tax at around 3.5% from year to year. That has been built into our budget over those three to four years. It can vary upwards or downwards by a certain amount, depending on the precise settlement. That is the long-term view that we take on council tax.

[78] **Darren Millar:** Does anyone else want to come in on reserves?

[79] **Mr Moore:** Can I comment, please? Dyfed was quite right. We were asked by Aled Roberts whether we have responded or not. I referred to that earlier and, indeed, I have a copy of the letter that I sent to Leighton Andrews and, as I said, to Clare whatever-her-name-was. One of the fundamental principles, I think, the Minister accepted is the fundamental principle of the responsibility of authorities to make their own decisions in the matter.

[80] I would also refer you to a document, which, again, you can have if you want. It is a WLGA letter and report in relation to local authority reserves, which highlighted five key points, basically. One is that reserves are an important component of councils' financial planning framework and are no panacea for financial problems created by austerity. Another is that the judgment about reserves as to what extent they should be used or set aside to meet either specific or unforeseen future liabilities can only be made locally, and, indeed, there is guidance on that. Also, local decisions should have regard to clear and full information and advice provided by their chief finance officers. In relation to the question about whether or not we work together, yes, our treasurers meet on a very regular basis so that they actually take a combined view of what things are likely to be in the future. In relation to things like inflation, we have, for example, taken consideration of 2%, but we have also taken into consideration a 1% pay rise for staff.

[81] Indeed, the other thing that I would refer you to is this document from the WLGA, which does show that we have 34% currently for 2014-15. However, if you look at the overall reserves, including the general balances estimated for 2016, you will see that that has reduced to 20%, which is actually lower than some, but on a par with others. I can supply that paper, too.

[82] **Darren Millar:** Yes, that would be very helpful.

[83] **Mr Moore:** Basically, what it does is it shows the transparency that I was talking about earlier, but also that it is the intention that the balances are there to be used and then for them to come down to an average level. So, I will obviously leave that with you, too.

[84] **Darren Millar:** Okay. We will circulate that to Members.

[85] Can I ask one final question on reserves? I will bring Andrew Morgan in to answer this and you can tie up with any other comments that you want to make. Do you think that you would welcome more guidance on reserves from the Welsh Government, and on how you explain them to the public? What do you think of the prospect of perhaps pooling reserves in different regions, or collectively as local authorities, or do you think it is better done at a local authority level?

[86] **Mr Morgan:** On your last point, I would opt that it should be done on a local authority level, simply because if we were all independently setting council tax, I think the ratepayers would not be very pleased if we were pooling the reserves when two authorities could have considerably different council tax levels. So, I think that is something that should be considered.

[87] I just want to come back to the point about the Wales Audit Office. I want to quote something from its report, because one of the issues is this. As was rightly said earlier, we have our settlements on a yearly basis, so for us to do forward planning, we have to do a lot of assumptions. We do individual modelling for authorities. My particular authority does a lot of modelling around the social services impact, and children's services in particular, which will obviously be very different to somewhere like Monmouthshire, maybe, in terms of the levels of deprivation. So, on our impact and our forward planning, while we pick up things on an all-Wales level—as we mentioned, our treasurers, like Chris at my side here, get together and look at forward modelling on a Wales-wide basis—we also take in the local issues.

[88] I will just refer to one of the Wales Audit Office actual quotes in one of your own reports on local government. We have said that there is a growing concern about some authorities perhaps over-relying on balancing their budgets by using reserves rather than restructuring services to reflect the budget reductions. We cannot have it all ways. In my own authority we are taking a significant amount out of reserves this year, and we plan to do it going forward, but probably guidance on what sorts of levels of reserves there should be may be welcome, but as has been mentioned, this is not a silver bullet. People seem to think that we have this pot of gold that we can all spend. If we do spend it—. As I say, if we dip into our insurance fund, I would love nothing more than to say, 'Well, okay; we will spend all of that', but if we find ourselves in financial difficulty in two or three years' time and something happens, I do not then want the Wales Audit Office or the Welsh Government putting an authority into special measures or calling us in to say that we have spent all of our reserves. There has to be a balance between this term of 'usable reserves' and actually what is really usable.

[89] **Darren Millar:** Okay. Thank you for that. Just on this issue of whether you would welcome additional guidance, you would—and I can see you nodding, Councillor Edwards and Councillor Moore. I see that you would. What about in terms of pooling reserves across local authorities or regionally? I will bring in Mike in a second.

[90] **Mr Edwards:** Byddai'n rhaid bod yn glir ar beth fyddai diben hynny. Os mai'r diben yw ein bod yn gallu bod yn fwy strategol, yna byddai popeth yn iawn a byddem yn croesawu hynny. Fodd bynnag, os ydyw'r 'reserfau' yno ar gyfer gwariant penodol, nid wyf yn siŵr a fyddai cronni yn dod ag unrhyw fudd, mewn gwirionedd, oni bai bod yna brosiectau is-ranbarthol lle y byddwch yn dod â 'reserfau' at ei gilydd ar gyfer hynny. Nid wyf yn siŵr beth fyddai diben hynny, a dweud y gwir.

Mr Edwards: There would have to be clarity about what the purpose of that would be. If the purpose is that we can be more strategic, then everything is fine and we would welcome that. However, if the reserves are there for specific expenditure, I am not sure whether pooling would bring any benefits, in truth, unless there are sub-regional projects where you bring reserves together for those. To be honest, I am not sure what the purpose of that would be.

[91] **Darren Millar:** Okay. Thank you. Mike, this is on reserves, is it?

[92] **Mike Hedges:** Well, it is on some of the answers that we have just heard. I have two questions. First, pooling reserves in terms of insurance funds may well have certain advantages. My understanding—and perhaps the auditor can tell us this—is that it would be illegal for councils to pool reserves using council tax collected by one authority to subsidise another.

[93] **Darren Millar:** Did you want to clarify?

[94] **Mr Morris:** I would need to check the detail of that, but, yes, there are very strict rules and legislation in place, which would constrain the extent to which authorities could share resources in that way.

[95] **Darren Millar:** Okay. We will move on from the subject of reserves. I call Julie Morgan.

[96] **Julie Morgan:** Thank you. I wanted to ask how much you involve the public in your budget setting and whether you could give examples where the involvement is meaningful and actually does change what you are planning to do.

[97] **Mr Morgan:** Over the past few years, obviously, we have gone through a number of service changes in my own authority where we do go through the normal cycle of budget setting consultation where we go out to the supermarkets and we involve the older people's forum, school sixth forms, and there is a number of focus groups that we go to. However, since I have become leader, because of some of the criticism that all local authorities are getting for service cuts, I have held a number of public engagement events where we have taken the full cabinet out to events, to speak face-to-face with members of the public, and all the senior officers from the authority, where they have been able to discuss generally where we are going on service changes, budget cuts and some of the impacts.

[98] We are kind of out to consultation now on some further service changes. I would say that we have to balance sometimes what the public—. It is quite simple: if you go out to consultation and ask the public what services it wants to cut, the answer comes back quite clearly as, 'None of them', because every group has a vested interest. Nobody wants to see anything cut, obviously. Quite often what my message to my authority, officers and members is that, sometimes, we have to go through with cutting and changing services, even if it is against what the public wants. It is about looking at what mitigation measures that you can put it in, so that when people flag up to us the impact of some of these service changes, if you can net off some of those with mitigation measures by changing the proposals slightly, I think that that is a lot of what we are trying to do. Unfortunately, because when you look at the social care budgets and then you look at the education budget, what we have got left to actually make the cuts and the service changes in—those departments—unfortunately our hands, to a large to extent, are tied.

[99] We might be doing different things within authorities this year or maybe next year, but over the next few years, all local authorities are ultimately going to be looking at different services. So, it might have been libraries in my authority last year, and it is another authority this year. We only have a certain number of services that we can go to to make those savings and to make significant changes and cuts to services. So, as I say, it is about trying to limit the impact on the public. I think that that is what I am trying to get across from these engagement sessions.

09:45

[100] **Julie Morgan:** Do you feel that there is any point in doing the engagement sessions? Do you implement what you hear at all?

[101] **Mr Morgan:** I certainly think that it is worth while doing the engagement sessions. I think that they have a limited impact, probably, on the final outcome. However, during the engagement sessions, the response has been quite measured, in that a lot of people do not quite understand why these service changes are coming in. If you ask the general public about the service changes and cuts, while they have heard about the Government grant and the changes there, they assume that their council tax pays for everything, and in my authority, for every £5 that we spend, only £1 comes from council tax. Actually having a face-to-face conversation with people in these engagement sessions, explaining where funding comes from and how it impacts on services, in many cases, it does actually—. They may not like the things that you are doing, but they understand and can see where you are coming from. However, as I say, we have had some good ideas back from the public and I think that, on occasions, where we have been able to change a proposal to try to capture some of those ideas, or to look at the impact, we have done that.

[102] **Darren Millar:** Jenny, did you have a follow-up question on this issue?

[103] **Jenny Rathbone:** I did, really. I think that the days of salami-slicing are over, so if you do not have a meaningful conversation with the public, who put you there in the first place, how are you going to transform the services, because that requires you to have a partnership, does it not?

[104] **Mr Edwards:** Rwy'n meddwl bod y pwyntiau rydych chi'n eu gwneud yn sylfaenol yn ystod y cyfnod hwn o newid. Mae yna ddau bwynt gwahanol, rwy'n credu, Gadeirydd. Un ydy'r broses o ymgynghori â'r cyhoedd. Mae gennym ni yng Ngwynedd, er enghraifft, raglen o'r enw Her Gwynedd—Gwynedd Challenge, sydd yn gyfres o gyfarfodydd ledled y sir, yn anffurfiol, yn ystod y dydd a gyda'r hwyr, yn defnyddio gwefannau cymdeithasol ac yn y blaen, er mwyn ceisio cysylltu â'r cyhoedd. Mae popeth yn iawn efo hynny, ond y darn pwysicaf, o bosibl, ydy'r gwaith lle'r ydych chi'n gobeithio cyd-gynhyrchu. Rydym ni'n dod â grwpiau at ei gilydd, er enghraifft, grwpiau sy'n ymwneud â phlant a phobl ifanc neu grwpiau sy'n ymwneud â merched, lle'r ydym ni, yn draddodiadol, wedi cefnogi, ariannu a chydweithio, a dweud yn gwbl agored, 'Mae gennym ni broblem gyllidol. Beth allwn ni wneud i geisio newid y ffordd rydym ni'n cyfarch y materion hyn? A oes modd i ni gyd-gynhyrchu rhywbeth? A oes modd i ni edrych am ffordd newydd o gyflawni'r gwasanaeth ac yn y blaen?' Yn yr ystyr hwnnw, rwy'n credu bod y gwaith hwnnw yn bwysicach na'r cyfarfodydd cyhoeddus sydd weithiau yn effeithiol ac weithiau ddim mor effeithiol. Fodd bynnag, y

Mr Edwards: I think that the points that you make are fundamental during this period of change. There are two different points, I think, Chair. One is the process of consulting with the public. In Gwynedd, for example, we have a programme called Her Gwynedd—Gwynedd Challenge, which is a series of meetings across the county, which are informal, during the day and in the evening, using social media sites and so forth, to try to engage with the public. That is all very well, but the most important part, perhaps, is the work where you hope to co-produce. We bring groups together, such as groups to do with children and young people or groups to do with women, where we have traditionally provided support, funding and collaboration, and say completely openly, 'We have a problem with the budget. What can we do to try to change the way that we address these issues? Could we co-produce something? Could we look at a new way of delivering the service and so forth?' In that sense, I think that that work is more important than the public meetings that are sometimes effective and sometimes not so effective. However, it is that co-production work that is the important element, and I very much hope that that work is going to assist us in meeting some of the challenges in the next few years.

gwaith cyd-gynhyrchu hwnnw sydd yn bwysig, a'r gwaith hwnnw, rwy'n mawr obeithio, sy'n mynd i'n cynorthwyo ni i ateb rhai o'r heriau yn ystod y blynyddoedd nesaf hyn.

[105] **Jenny Rathbone:** I just want to come back to RCT, because you seem to be giving the impression that the sessions with members of the public were important for explaining to them the dilemma that you were in, but I did not get much sense of how you were engaging them in reshaping the services, with them being involved.

[106] **Mr Morgan:** If I was to give one example, something that we were proposing as part of the budget for this year was to close a number of sports centres. Rhondda Cynon Taf has more sports centres than any other authority in Wales. We were looking to close a swimming pool, a sports centre and some other areas. We went out to consultation. The public in those areas were, obviously, up in arms; they were concerned about losing the services. They are very heavily subsidised services; they are non-statutory, yet we put in about £3.5 million a year as a subsidy into our leisure services, just in terms of sports centres. Through the consultation—and we had done a further review based on what we had back—what we have done is reduce management, which was already the key plan, but within that, we have looked at reducing the hours at those sports centres where people and staff have come back and said, 'Actually, if you do this, that and the other, you can make similar savings'. So, we have been able to save £1 million in our leisure budget, going forward, without actually closing anywhere.

[107] On the back of that, based on the feedback that we had—for example, there was a Facebook campaign set up for one pool, where about 4,500, almost 5,000, people were involved—we have now set up a Facebook page, promoting the services and trying to explain what is going on. We are getting good feedback from them. Also, we launched, only a couple of weeks ago, a leisure 'Use It Or Risk Losing It' campaign, and we are quoting some of the things that they have been putting to us during the consultation, saying, 'Well, you're actually saying that, if we could have it open at this time, people would use it and do this'. So, we have tried to engage with them. That is a big service change. Certainly two, possibly three, sites were earmarked for closure. Currently, we have not closed any of them and we now have this promotion campaign going with the public, which has had really good feedback.

[108] So, where possible, we are trying to listen to what they are saying. We are trying to adapt services, but what I would come back to is that we have a statutory duty, as you will be well aware, to set a balanced budget for the following year. So, the issue for us is that, if we were to simply engage with the public and only do what the public wanted, you would find that I and other members of the authority would be removed from position and you would have commissioners in running the authority because we would be in special measures.

[109] **Jenny Rathbone:** Okay. So, the key is how that engagement that you have had over your sports centres has helped you to save money. You have mentioned management changes that you were going to make any way. Are there other areas where that engagement with the public has led to you running the service more cost-effectively?

[110] **Mr Morgan:** There is the timing, first of all. Some sports centres are on reduced hours. The timing has changed considerably from what was put forward, because the feedback that we had from all of the customers was saying, 'Well, actually, we do go to the sports centre at this time of the day, but if it was open at this time, that is the key time'. We have done this and we have had thousands of responses, so we have actually now changed it. Also, we do not have a one-size-fits-all approach. For example, in the Cynon and the Rhondda we have different patterns because people commute differently. People want to use

sports centres before they go to work, so we have gone back based on what the feedback has been. We have changed it and I have to say that, since we have made changes, instead of having hundreds of e-mails, letters and suggestions from the public, now it is nothing but positive. So, where we can, we are trying to adjust, but I just come back to the point that, when you consult with the public, I have not come across a member of the public yet who wants to vote for cuts.

[111] **Darren Millar:** Councillor Moore, do you want to add anything?

[112] **Mr Moore:** Yes, I agree with Andrew's comments. One of the things that we did was to send our cabinet out on the road. We do that on a regular basis. We have full cabinet meetings out in each of the four town areas. Other than that, the cabinet goes out to meet the public, usually in conjunction with the community councils, so that we have an open debate and question-and-answer sessions, so that you get feedback from the public on what you are doing. They will tell you if you are doing something wrong, and if you are doing something wrong at least it is part of the scrutiny process.

[113] The other thing is that we have a focus group—Vale Viewpoint, we call it—where we test things with the focus group. In relation to things like finance and the budget, we go out to talk to the focus group, the plus-50 fora, the local service partners and all the rest of it, and we obviously go out consultation whenever we can. For example, on things like changing and reshaping services, as we are looking to do, one of the things we are doing is that we have called in each of the town and community councils to talk to them. We are using our community liaison committee to talk to them about reshaping services, but also the budgets. At the moment, we are going through processes looking at whether or not, for example, we have to change our library services. One of the things we are doing is carrying out drop-in sessions in each of the libraries, including those that may either have reduced hours or which may possibly close or, hopefully, be taken on by local groups, community interest companies or whatever, or even the community councils.

[114] So, we are going out to do that, and we did exactly the same thing with our local development plan, so that people knew exactly where we were coming from, we could take feedback from them and, if necessary, make changes. We are currently in that process with libraries. We have not had feedback yet, so we have not decided whether we will change things. One of the things we were going to do was change the opening hours, but, as Andrew says, if people say, 'Look, we're using it now', we will look at the data of people walking through the door and listen to what people are saying in the drop-in sessions.

[115] So, it is all part of the process, but, ultimately, again as Andrew has mentioned, we have a statutory process to undertake and we have to ensure that we carry that out. People will not like cuts. One of the major things we are trying to do is to explain to the public why we are doing it and that people need to accept the fact that we have to do it because we have no alternative in some circumstances. So, it is a difficult job to go out there and explain the situation because people have got used to services being delivered in a particular way and they expect them to continue. Unfortunately, the reality is that they may not be able to continue.

[116] **Julie Morgan:** Could I just ask about the equality impact assessment?

[117] **Mr Moore:** One of the things we always carry out—and, in fact, it is contained in the medium-term financial plan—is an equality impact assessment. We do that anyway because it is a requirement. It is a necessity anyway—

[118] **Julie Morgan:** Does that direct what you finally decide?

[119] **Mr Moore:** Yes. What you have to be mindful of is that, if you take a decision to do something, it could have an effect on a particular group or individuals, and therefore you have to change it accordingly. However, that is another thing that needs to be done in relation to our partners, particularly, for example, health. We need to have that equality impact assessment between the two of us because we might take a decision in relation to some form of social care, which could have a direct impact on the health service. Similarly, in relation to the health service, for example, if it decides to close a ward of a hospital, that means, for example, that those frail, elderly people who were in there are now coming into the community, so that has a direct impact on us. So, you always have to look at that, and hopefully our partners are doing the same thing and we are doing it together.

[120] **Darren Millar:** Mike, you had a follow-up question on that.

[121] **Mike Hedges:** Yes. On community care, may I ask you, and especially RCT and Gwynedd, who I believe have a higher proportion of elderly people than the average in Wales, about the pressure you are facing with community care? Are you aware of what has happened in England, where money has been fed into health instead of community care, but all it has done is put a greater pressure on the health service?

[122] **Mr Moore:** Yes. I think it is the same in the Vale of Glamorgan too. The First Steps initiative that I mentioned earlier on had a massive effect on our budgets and it is continuing to do so. One of the things that happened in relation to that was that people in the past asked us whether they could have particular care packages; we did not have a capping system at the time—it would cost this much and they would decide not to take it and maybe go somewhere else, but now that is open to them to come in and they are coming through the door and we are having to take that on. So, that has a major impact on us.

[123] **Darren Millar:** So, is there insufficient consideration by the NHS then, would you say, of the impact of its decisions on local authorities?

[124] **Mr Moore:** There can be. I am not saying—

[125] **Darren Millar:** It is inconsistent in terms of the way that it would approach and communicate with you, is it?

[126] **Mr Moore:** Yes.

[127] **Darren Millar:** Is your question on this topic, Sandy?

[128] **Sandy Mewies:** It is about what is having an impact on budgets.

[129] **Darren Millar:** We will come to that in a second. I want to bring William in. William, if you go first, I will come back to you, Sandy

[130] **William Graham:** I want to ask, if I may, about ring-fencing. I appreciate that it can be expensive to maintain it, but it can give you as an authority a certain level of certainty. What are your views?

[131] **Mr Morgan:** In what way do you mean? Do you mean in existing budgets?

[132] **William Graham:** Say you agreed with the Welsh Government that, over three years, one particular budget would remain substantially unaltered. That is ring-fencing.

[133] **Darren Millar:** So, an example is the commitment that the Welsh Government has given on education spending for example. What impact does that have—

[134] **William Graham:** Yes, if that was extended to other services.

[135] **Mr Morgan:** If it is ring-fencing of the Welsh Government budget, that is great, because it means that we have certainty of the income. If it is ring-fencing of the money when it is devolved to us, that is not so welcome because the problem, as I have said, is that, if we are now ring-fencing—. We have, because of the demographics and the pressures on social services—and we are ring-fencing in my own authority—to find £9 million extra over the next three years to cover the demographics and children's services. So, social services, for us, in effect, is ring-fenced, because we have to because of the demand. We have education, which is a Welsh Government priority, so that is ring-fenced. But all that does is push the pressure and the cuts elsewhere. So, in my own authority, it is simply the case that, no matter what happens next year with the settlement, we have to find £9 million going forward for social services. So, when you take into account those budgets being protected, other services have to face something like a 25% cut.

[136] So, I do not welcome ring-fencing of our budgets when they are passported on, but if we can have certainty of funding—. I know that it is difficult and perhaps it is not for this committee, but the health service is being given certainty of budgets going forward. If we had a three-year, even indicative, figure that we could work to that would, within reason, stay there or thereabouts without having these huge swings from indicative figures to what we actually get—. The difficulty for us is that we do not get the final settlement until December. If we have a significant change in our budget to the following year, we have to make cuts to services, and quite often we will not have enough time. You cannot then implement these big service changes. Unfortunately 80% of our funding goes on staffing, so, if you are going to lay people off and change services, we cannot do that by the time we set our budget in March, which is a requirement in order for us to set a balanced budget. Of course, we cannot overspend, as the health boards can. So, if we overspend, we are dragged down to have a meeting in Cardiff, whereas if we were a health board, we would be bailed out.

10:00

[137] **Mr Edwards:** Ar y pwynt ynglŷn â chyllidebau wedi eu neilltuo, credaf ei fod yn wir i ddweud bod 77% o'n cyllideb ni wedi ei neilltuo; ni allwn ei hamrywio o gwbl. Dim ond gyda'r gweddill mae gennym le i chwarae.

Mr Edwards: On the point in terms of ring-fenced budgets, I think that it is true to say that 77% of our budget has been ring-fenced; we cannot vary that at all. It is only with the remainder that we have room to play.

[138] O ran y drefn gosod cyllideb, mae perygl ein bod yn rhoi pwyslais ar hynny yn hytrach na'r peth pwysicaf, sef y deiliant. Y canlyniadau sy'n bwysig, nid unrhyw gyfundrefn neu broses. Rwy'n credu, o ran llywodraeth leol, y byddwn wrth gwrs yn croesawu hyblygrwydd i ni, yn sicr, gyfarch beth yw blaenoriaethau Llywodraeth Cymru—blaenoriaethau Gweinidogion Cymru—ond, ar yr un pryd, efallai cael yr hyblygrwydd hwnnw i gyflawni yn lleol yn unol ag amgylchiadau lleol. Mae cydbwysedd i'w daro. Credaf ei fod yn dod yn fwyfwy amlwg bod tensiynau yn hynny. Fodd bynnag, pe bawn yn gallu taro'r cydbwysedd, credaf y byddai hynny'n cael ei groesawu.

In terms of the budget-setting arrangements, there is a danger that we place an emphasis on that instead of the most important thing, namely the output. It is the results that are important, not any regime or process. I think that, in terms of local government, we would of course welcome flexibility for us to address the priorities of the Welsh Government—Welsh Ministers' priorities—but, at the same time, perhaps having that flexibility to act locally in relation to those local priorities. There is a balance to strike there. It is becoming increasingly clear that there are tensions in that regard. However, if we could strike that balance, I think that that would be welcomed.

[139] **Darren Millar:** Aled, is your question on this point?

[140] **Aled Roberts:** Yes.

[141] Fe wnaethoch chi fel cynghorau gytuno eich bod yn cynyddu canran y gwariant a drosglwyddir i ysgolion i 85%, ac rydych wedi sôn eisoes am y ffaith bod gan Lywodraeth Cymru bolisi i warchod gwariant yr ysgolion. Wrth gofio'r pwysau y mae hynny'n ei roi ar adrannau eraill o'ch cyllideb—ac mae addewid arall ynglŷn â gwarchod gwariant ar wasanaethau cymdeithasol—a ydy'r holl warchod yn gynaliadwy?

As councils, you agreed that you would increase the percentage of expenditure transferred to schools to 85%, and you have already mentioned the fact that there is a Welsh Government policy to safeguard school spending. Given the pressure that this puts on other parts of your budget—and there is another commitment in terms of protecting spending on social services—is all of this safeguarding sustainable?

[142] **Mr Edwards:** Yn syml iawn, yn y tymor hir, nac ydy. Ni allwch warchod pob dim. Ni all pob dim fod yn flaenoriaeth; nid yw hynny'n bosibl. Rydym yn ceisio ymateb i'r gofynion hynny ac, ar yr un pryd, ymdopi gyda thoriadau sylweddol yn ein cyllidebau, lle rydym yn gorfod darganfod miliynau o bunnoedd. Y broblem, os ydych yn cymryd y themâu neu'r pynciau hynny yn unigol, yw y byddwch chi mewn perygl o golli'r wedd gynhwysfawr sydd mewn cynghorau. Mae perygl inni anghofio am y gwasanaethau hynny sy'n effeithio ar bobl ifanc, er enghraifft, yn yr un modd ag y mae ysgolion yn effeithio ar bobl ifanc. Gadewch inni beidio â thanbrisiu gwasanaethau atodol, yn arbennig ym maes hamdden a chwaraeon, sy'n gwneud cymaint i ysgogi pobl ifanc ac sy'n gwneud cymaint i ymateb i amgylchiadau heriol rhai pobl ifanc ag y mae ysgolion. Gadewch inni beidio â gwahaniaethu, ac rwy'n dweud hynny fel rhywun sy'n rhoi pris uchel ar addysg. Wrth gwrs bod addysg yn bwysig, ond mae angen inni hefyd gofleidio'r sbectrw m o wasanaethau o gwmpas y person, nid un gwasanaeth yn unig. Mae perygl, wrth i ni geisio blaenoriaethu gwasanaethau—neu adrannau, mewn gwirionedd; adrannau penodol—inni golli'r gorolwg hwnnw sydd mor bwysig yn fy marn i.

Mr Edwards: Very simply, in the long term, no, it is not. You cannot safeguard everything. Not everything can be a priority; that is not possible. We are trying to respond to those needs and, at the same time, we are trying to cope with a significant cut to our budgets, where we have to find millions of pounds. The problem is that, if you take those themes or subjects on an individual basis, you are in danger of missing that comprehensive look within councils. There is a danger that we will forget about those services that affect young people, for example, in the same way as schools affect young people. Let us not undervalue those additional services, particularly in the areas of leisure and sport, which do so much to encourage young people and do as much to respond to the challenging circumstances of some young people as schools do. Let us not differentiate between those things, and I say that as someone who places a high value on education. Of course education is important, but there is a need for us also to embrace that spectrum of services around the person. It is not just a matter of only one service being important. There is a danger, as we try to prioritise services—or departments, in reality; specific departments—that we lose that overview that is so important, in my view.

[143] **William Graham:** Could I ask you, then, for your opinion on the current formula that is used to determine the revenue settlement? Is that still adequate, or does it need further representation from you?

[144] **Mr Edwards:** Atebaf hynny yn gyntaf, os caf i, Gadeirydd, ond nid **Mr Edwards:** I will answer that first of all, if I may, Chair, but not because I am an expert

oherwydd fy mod yn arbenigwr ar y fformiwla—rwy'n amau mai tri pherson yng Nghymru sy'n arbenigwyr ar y fformiwla. Mae'n siŵr y bydd pawb yn cyflwyno dadleuon gwahanol ac yn dweud nad yw'r fformiwla'n dderbyniol. Yr hyn y byddwn i'n ei ddweud yw bod manteision ac anfanteision. Gallwch ddadlau bod y fformiwla, er gwaethaf ei gwendidau, yn creu sefydlogrwydd. Mae hynny i'w groesawu. Nid oes gennych y newidiadau sylweddol o flwyddyn i flwyddyn, ac yn y blaen; mae hynny'n beth da. Fodd bynnag, o'n rhan ni fel awdurdodau gwledig, y peth mawr i ni yw nad oes digon o gydnabyddiaeth o'r angen i gyflawni gwasanaethau mewn ardaloedd gwledig. Nid yw'r fformiwla, at ei gilydd, yn cydnabod hynny.

[145] Mae pwysau aruthrol arnom ni i ddarparu gwasanaethau statudol hanfodol mewn ardaloedd gwledig dwfn iawn, lle nad oes opsiynau eraill. Os ydych chi am gael gwasanaeth hamdden mewn ardal fel Dwyfor, Pen Llŷn neu Meirionnydd, nid oes sector preifat ac nid oes opsiynau eraill, felly, os nad oes gennych bresenoldeb y sector cyhoeddus, ni fydd gennych wasanaeth yn y maes hwnnw. Yn yr un modd, o ran gwasanaethau cymdeithasol, mae'r pellter teithio ar gyfer staff a defnyddwyr yn un heriol iawn, ac nid yw'r elfen honno, at ei gilydd, yn cael ei chydnabod. Mae pwyllgorau yn y Cynulliad wedi gwneud gwaith ar yr her hon yn y gorffennol o ran tlodi mewn ardaloedd gwledig a sut mae tlodi yn cael ei fesur neu ddim yn cael ei fesur. Nid wyf yn credu bod y gwaith hwnnw wedi dwyn ffrwyth eto. Byddwn yn hoffi i'r fformiwla gyfarch y materion hynny yn y dyfodol.

[146] **Darren Millar:** Thank you. Mike, your question was on ring-fencing, was it not?

[147] **Mike Hedges:** I have two points. On the formula, I think everybody believes that if the formula changes, they are all going to do better, but everybody cannot do better because it is a fixed sum. So, I think there is a problem with changing the formula. Basically, Dyfed, if you are going to win, Andrew sitting next to you is going to lose—because of the deprivation and rurality factors. So, there are problems there. The question I have is this: do you think that there is enough understanding of the importance of environmental health, leisure and community care in keeping people healthy?

[148] **Mr Moore:** In relation to the formula, I totally agree. Who is an expert on the formula? Nobody. In relation to whether or not people have enough knowledge of it, no, they probably do not. They do not look towards environmental health, leisure or whatever because,

on the formula—I suspect that there are only three people in Wales who are experts on the formula. I am sure that everyone will put forward different arguments, saying that the formula is unacceptable. What I would say is that there are advantages and disadvantages. You could argue that the formula, despite its weaknesses, creates stability. That is to be welcomed. You do not, then, have significant changes from year to year, and so on; that is a good thing. However, from our point of view as rural authorities, the big thing for us is that there is insufficient recognition of the need to deliver services in rural areas. The formula, on the whole, does not acknowledge that.

There is huge pressure on us to provide crucial statutory services in very deep rural areas, where there are no other options. If you want to have a leisure service in an area such as Dwyfor, the Llŷn peninsula or Meirionnydd, there is no private sector and there are no other options, therefore, if you do not have a public sector presence, there will not be a service in that area. The same thing is true of social services, in that the travelling distances for staff and users are very challenging, and that element, on the whole, is not acknowledged. There are committees in the Assembly that have done work on this challenge in the past in terms of rural poverty and how poverty is measured or not measured. I do not think that that work has borne fruit yet. I would like for the formula to address those issues in future.

again, it comes into the health issue, in that people need to have some relaxation and the ability to go out there to improve their health and lifestyle. The problem we obviously have is that they are not statutory services, so they are the ones that are going to be hit the most for obvious reasons. With a limited budget, you have to meet the statutory provision. So, yes, I agree that maybe not enough is seen of it. In terms of environmental health, we might talk about that later. Everything is under pressure, and one of the reasons why we have, for example, come together to provide a regional service is to protect that, because it does have a knock-on effect on people's health and lives.

[149] May I just make a comment in relation to the earmarked services, such as housing, education and social services, which are all kind of earmarked? There is another issue that we have gone on about for quite a while now, namely the grant regime and whether or not these services should be put into the revenue support grant. Some of the grants are so small that they are ridiculous, in that they take up your and our time and effort, which takes away the spend that could be spent on front-line services. This is a plea, really, and I have made the plea personally to several Ministers in the last couple of months—some of the grants that are coming forward are so small that they should really be subsumed into the revenue support grant.

[150] **Darren Millar:** Okay, thank you for that. Councillor Edwards, you wanted to come back.

[151] **Mr Edwards:** Jest ar y pwynt hwnnw, oherwydd rwy'n credu ei fod yn bwynt diddorol. I'w gyfarch mewn termau cyffredinol, mae dilema yn y fan hon. Yr hyn rydych chi wedi ei godi yw'r gwasanaethau ataliol mewn gwirionedd; gwasanaethau, o fuddsoddi ynddynt, a all ddod at sefyllfa lle mae angen llai o ariannu yn y pen draw ar gyfer gwasanaethau craidd. Os ydym yn buddsoddi yn y gwasanaethau ataliol hynny i gynorthwyo pobl i fyw yn iachach a chynorthwyo pobl i gael ansawdd bywyd gwell, byddwn yn dibynnu llai ar y gwasanaethau craidd. Dyna yw'r dilema i awdurdodau lleol ar hyn o bryd. Mae'n dwylo ni wedi eu clymu gyda rhai gwasanaethau, sy'n golygu ein bod yn ceisio cyfarch bylchau ariannol a cheisio cynnal y gwasanaethau hynny. Gyda rhai gwasanaethau eraill, mae 'rhyddid' gennym ni i dorri, ac mae perygl i ni dorri'r gwasanaethau ataliol hynny a fydd, yn yr hirdymor, yn sicrhau gwell ansawdd bywyd i bobl yn ein hardaloedd. Mae hynny'n ddilema.

Mr Edwards: Just on that point, because I think that it is an interesting point. To address it in general terms, there is a dilemma here. What you have raised is the preventative services in truth; services that, as a result of investment, could lead to a situation where you need less funding in the future for core services. If we invest in those preventative services and assist people to live more healthily and assist them to have a better quality of life, we will rely less on core services. That is the dilemma for local authorities at present. Our hands are tied with some services, which means that we are trying to plug financial gaps in order to sustain those services. With other services, we have the 'freedom' to cut, and there is a risk that we cut those preventative services that, in the long term, would lead to a better quality of life in our areas. That is a dilemma.

[152] **Darren Millar:** Okay, we have a couple of people who want to come in on this issue of preventative stuff, I think. Is it on this, Sandy?

[153] **Sandy Mewies:** No, but I did want to talk about impacts on budgets before we moved on to environmental health.

[154] **Darren Millar:** I am going to come back to that. I have other Members who have

been waiting to come in for a long time. Was it on this particular issue, Jenny? If it is, I will allow it.

[155] **Jenny Rathbone:** I just want to pick up on what Councillor Edwards said. You said that, if the local authority did not exist in delivering services, then there is no other provider. I just want to challenge that, because I had the privilege to be in Gwynedd last week and visited three excellent social enterprises in the Llan Ffestiniog area. One of them is delivering very high-class hotel services with people with learning difficulties. It is operating as a social enterprise, but it is bringing in money from outside. Surely, that sort of model is perfectly possible, even if the private sector is not so vibrant in the area. It does exist.

[156] **Mr Edwards:** I think that the point I made was that there was no private sector in rural areas and, without the public sector as an enabler, as we have been in that instance, for example, it would be difficult to have that provision. Social enterprises are at the heart of some of the changes that we are hoping to achieve over the next period. We are working hand in hand and we have set up a social enterprise co-ordinating committee. We have appointed a person in the council to work with social enterprises, so we see that very much as part of the future that we are trying to forge. However, it is true to say, in the rural parts of the county—in fact, in most of the county—that the private sector is not an option. The challenge to the public sector in rural areas is to do with the rurality; it is to do with distance of travel and that sort of thing, but social enterprises are very much part of the answer, and the example that you refer to in Llan Ffestiniog is an excellent one.

[157] **Darren Millar:** Alun Ffred Jones is next.

[158] **Alun Ffred Jones:** Diolch. Rydych wedi cyfeirio at y ffaith bod pwysau aruthrol ar y gwasanaethau cymdeithasol, a'r galw yn cynyddu. Rydych wedi sôn bod addysg yn cael ei warchod—dyna 65% o'ch cyllideb; mae'r heddlu yn 10% arall, felly dyna 75%. Mae'n anodd gweld sut yr ydych yn mynd i gael arbedion allan o'r 25% sydd ar ôl, ac mae'r pwynt hwn wedi cael ei wneud mewn pwyllgor arall. Yr ateb, mae'n debyg, yw'r hyn sy'n cael ei alw'n 'trawsnewid gwasanaethau', ac mae'r Gweinidog yn dweud mewn llythyr uniaith Saesneg ato ni:

Alun Ffred Jones: Thank you. You have referred to the fact that there is huge pressure on social services, with the demand increasing. You have mentioned that education is being protected—that is around 65% of your budget; the police is another 10%, so that is 75%. It is difficult to see how you are going to get savings from the remaining 25%, and this point has been made in another committee. The answer, it seems, is what is being called 'the transformation of services', and the Minister says in an English-only letter to us:

[159] 'Local government cannot continue to operate as it has done.'

[160] Mae'n sôn am:

He mentions:

[161] 'fundamental and lasting change that will create modern and effective local government'.

[162] Mae hynny yn awgrymu eich bod chi yn hen ffasiwn ac yn aneffeithiol ar hyn o bryd. A wnewch roi enghreifftiau i ni o beth yn union yw trawsnewid gwasanaeth? Rhowch enghreifftiau i ni, achos os mai dyma'r ateb, beth yw hynny? Nid wyf yn siŵr beth mae e'n ei olygu mewn addysg, er enghraifft, achos mae gyda chi gostau parhaol yno, ac nid wyf yn siŵr beth mae e'n

That suggests that you are old-fashioned and inefficient at present. Will you give us examples of what exactly the transformation of services means? Give us examples, because, if this is the answer, then what is it? I am not sure what it means in education, for example, because you have continuing costs there, and I do not know what it means in terms of social services. Could you give us

feddwl mewn gwasanaethau cymdeithasol. A allwch roi enghreifftiau o'ch profiad eich hun o drawsnewid gwasanaeth sydd wedi dod ag arbedion i chi? examples of your experience of transforming a service that has brought you savings?

[163] **Darren Millar:** Councillor Moore, do you want to start?

[164] **Mr Moore:** Yes. In terms of two of the areas that we have dealt with, one in particular is leisure services, in that we have gone out to a private contract, which has actually given us savings and will give us savings over the future. The contract was one that was considered over a long period. One of the things that we did was we kept the buildings, therefore, we invested some of the capital into it, but the operation itself was carried out by private enterprise, and, indeed, we have the clawback and the buy-back so that, from this year, we should actually be making money out of it rather than losing money on it. So, there are ways that you can do that. Some of the other ways that we have done it, for example, is that we have worked with the National Trust—

[165] **Alun Ffred Jones:** May I ask how that was achieved? Is it through changing the wages of the workers, for example, or raising fees?

[166] **Mr Moore:** No. It was mostly due to income, because it actually provided services. As it was the expert in that particular field, it would have the ability, as part of a large organisation, to change things very quickly, so that it would actually cater for the need that was there at the time and increase the footfall through its doors, and, therefore, the income went up. As I said, as far as the capital is concerned, we dealt with some of that. The transfer of staff was taken through TUPE, so the arrangements were the same as they were.

10:15

[167] Basically, it was done through its efficiencies: because it is its business, it knows how to do it, it is better at doing it than we are, and it was easier for it to change, in terms of fads, if you want to put it that way. It was actually able to do that, and was that more efficient, and, therefore, it made that income, and, as a result, we were getting the clawback from it. Indeed, part of the contract—partly set up by this lady sat next to me—was a particularly good one, and one that we are continuing to work with it on, and we are still working with it to see whether or not we can make even further savings through other areas. I know that one of the areas that it is talking about is actually operating a trust itself, so that it would make savings, and, if it makes savings, part of the contract that we would have with it is that we would have a 50:50 share of any savings that it would make. So, there are ways of doing it.

[168] We also operated, and worked, with the National Trust, because we were operating Dyffryn House and Dyffryn Gardens, and that has been transferred to it. So, that is another change in the way that we have operated our services. One thing that I talked to you about was library services. We are looking to transform them, in a way, and, if we can work with either social enterprises, community councils, or whoever, to actually operate that, then fine. However, I think that you would have to look at all different ways of trying to operate the services that we currently do. Carrying out the same thing is not an option.

[169] **Darren Millar:** Does anybody else want to contribute here?

[170] **Mr Edwards:** Ar y pwynt cyffredinol, un o'r geiriau hynny rwy'n ei ddrwgleicio fwyaf yn fy rôl fel areweinydd cyngor ydy'r gair 'hanesyddol'. Rydych yn dod ar ei draws trwy'r amser—'Pam ydym **Mr Edwards:** On the general point, one of the words that I dislike the most in my role as a council leader is the word 'historical'. You come across it all the time—'Why are we doing this?', 'Well, for historical reasons',

ni'n gwneud hyn?', 'Wel, am resymau hanesyddol', ac yn y blaen. Mae hynny'n siŵr o gael fy ngwaed i ferwi.

[171] Fodd bynnag, rwy'n meddwl bod sawl peth i'w gofio. O ran trawsnewid gwasanaethau, rydym yn gwneud hynny o fewn y cyngor ei hun, wrth gwrs—nid yw o reidrwydd yn golygu allanoli, ac nid yw o reidrwydd yn golygu corff trydydd sector, er enghraifft. Yr hyn yr ydym wedi ei wynebu, a'r trawsffurfio mwyaf rydym ni wedi ei wynebu, ydy mewn meysydd fel gwasanaethau gofal, lle rydym yn ceisio hybu annibyniaeth, a chynorthwyo pobl i gael y math o ansawdd bywyd y mae'n nhw'n ei ddymuno, a hynny yn y cartref, os yn bosibl. Mae hynny wedi golygu gweddnewid y ffordd yr ydym yn trin rhai o'n cleientiaid.

[172] Mae hefyd yn ymwneud ag edrych ar feini prawf mynediad i wasanaethau, wrth gwrs, sydd yn gallu bod yn rhywbeth dadleuol, ac yn rhywbeth y mae angen gweithio arno yn ofalus. Fodd bynnag, eto am resymau hanesyddol, rydym wedi cynnal trefn o fynediad i wasanaethau rai blynyddoedd yn ôl nad yw, efallai, yn addas i bwrpas heddiw, ac mae angen ail-ymweld â'r materion hynny er mwyn gwella a thrawsffurfio'r gwasanaeth. Rŵan, o wneud hynny, mae'n arwain at arbedion ariannol yn aml—nid bob amser, ac mae angen pwysleisio hynny. Nid yw trawsffurfio o reidrwydd yn arwain at arbedion ariannol, ond mewn rhai meysydd mae yn gwneud hynny.

[173] Yr elfen arall o gynnal gwasanaethau ydy, yn syml iawn, mae gennych ddewis. Os nad oes modd i'r cyngor ei wneud, y diddordeb wedyn ydy cael partner i'w wneud yn rhatach. Os nad ydy o'n rhatach, waeth i'r cyngor ei wneud o, yn blaen iawn. Felly, mae'r gwaith hwnnw o weithio gyda chorff trydydd sector, eto dros gyfnod, yn un sy'n heriol—gadewch i ni beidio â thanbrisiu'r gwaith hwnnw. Mae'n o'n heriol. Mae gennym ni brofiad yng Ngwynedd o wneud gwaith gyda chyfeillion gyda phwll nofio, ac mae'n profiad ni yn ein harwain i gredu bod angen perthynas agos â chorff trydydd sector er mwyn eu cynnal nhw ac er mwyn eu cefnogi nhw.

and so on. That is sure to get my blood boiling.

However, I think that there are several things to remember. In terms of transforming services, we are doing that within the council itself, of course—it does not necessarily mean outsourcing, and it does not necessarily mean a third sector body, for example. What we have faced, and the biggest transformation that we have faced, is in areas such as care services, where we are trying to promote independence, and to assist people to have the kind of quality of life that they wish, and that in their homes, if possible. That has meant transforming the way in which we deal with some of our clients.

It is also to do with looking at criteria for access to services, of course, which can be quite controversial, and something that we need to work on carefully. However, again for historical reasons, we have sustained a system of access to services some years ago that perhaps is not fit for purpose today, and we need to revisit those issues so that we can improve and transform those services. Now, in doing that, that leads to financial savings, often—not always, and we need to emphasise that. Transformation does not always lead to financial savings, but in some areas it does do that.

The other aspect of maintaining services is, very simply, that you have a choice. If it is not possible for the council to do something, the interest then is having a partner to do it more cheaply. If it is not cheaper, well the council might as well do it, to put it very simply. So, that work of working with third sector bodies, again over a period of time, is challenging—let us not undervalue that work. It is challenging. We have experience in Gwynedd of doing work with colleagues on a swimming pool, and our experience leads us to believe that we need a close relationship with a third sector body in order to maintain them and in order to support them.

[174] Gadewch i ni hefyd bwysleisio, Gadeirydd, bod yna beth fyddem ni'n ei alw yn *fatigue* cymunedol allan yna hefyd, oherwydd mae cymunedau yn wynebu'r toriadau hyn yn uniongyrchol. Mae'r cymunedau dan bwysau, ac mae perygl i ni ychwanegu at y pwysau drwy ddweud, 'Hwda, cymera di hwnna'. Nid yw mor syml â hynny. Felly, mae her yma, ond rydym i gyd yn gobeithio bod ffordd ymlaen i ni ddefnyddio'r adnodd sydd yn y cymunedau. Mae enghreifftiau da o hynny ledled Cymru, wrth gwrs.

[175] **Aled Roberts:** Gan amlaf, rydych yn edrych ar ailstrwythuro o fewn eich ffiniau daearyddol chi, a hwyrach ar foderneiddio gwasanaethau'r cyngor, allanoli neu drosglwyddo i bartner. Beth sy'n digwydd, felly, os ydych yn mynd trwy'r cynlluniau hyn a bod adolygiad llyfrgelloedd yn dod allan o enau'r Llywodraeth yn dweud, 'Na. Peidiwch â gwneud hyn a'r llall. Mae angen ichi edrych ar wasanaeth llyfrgell rhanbarthol, neu hyd yn oed un cenedlaethol'? Sut ydych chi'n mynd ati ar ôl hynny i agor y drafodaeth gyda chynghorau eraill nad ydynt, efallai, o'r un farn neu heb fynd i lawr yr un llwybrau â chi?

[176] **Mr Edwards:** O'n safbwynt ni yng Ngwynedd, efallai mai '*I couldn't possibly comment*' yw'r peth gorau i mi ei ddweud ar hyn o bryd. Yn gyffredinol, gadewch inni fod yn agored, nid yw'r gwaith rhanbarthol hwnnw wedi llwyddo fel y dylai fod wedi gwneud. Efallai eich bod wedi fy nghlywed yn rhoi fy marn yn eglur ar hynny. Yr unig ffordd y gallwn wneud hynny yw trwy ad-drefnu a chael strwythurau, a fy marn i yw bod yn rhaid cael strwythurau cadarn. Nid yw cydweithio gwirfoddol, os edrychwch ar yr holl dystiolaeth at ei gilydd—yn sicr o'm mhrofiad i yn y gogledd—wedi gweithio. Eto, o'm mhrofiad i, yn anffodus, mae'r ewyllys yn bodoli o fewn llywodraeth leol, ond nid yw'n bodoli ar draws, ac weithiau nid yw'n amlygu'i hun ar yr adegau y byddech yn dymuno iddi wneud. Mae'n rhwystredig iawn.

[177] O ran mater y llyfrgelloedd, eto, a yw gwasanaeth rhanbarthol neu is-ranbarthol yn ateb? Ydy, o bosibl, ond, yn y pen draw, mae'n fater o leoli llyfrgelloedd a chael y

Let us also emphasise, Chair, that there is what we would call community fatigue out there as well, because communities face these cuts directly. The communities are under pressure, and there is a risk that we add to those pressures by saying, 'Look, you take that'. It is not as simple as that. So, there is a challenge here, but we all hope that there is a way forward for us to use resources within our communities. There are good examples of that across Wales, of course.

Aled Roberts: Very often, you look at restructuring within your own geographical boundaries, and perhaps at modernising council services, outsourcing or transferring to a partner. What happens, then, if you go through these schemes and there is a review of libraries that comes out from the Government that says, 'Don't do this, that or the other. You have to look at library services on a regional basis, or perhaps on a national basis'? How do you then go about opening up that discussion with other councils that are not, perhaps, of the same opinion or have not gone along the same route as you?

Mr Edwards: For us in Gwynedd, 'I couldn't possibly comment' is perhaps the best thing for me to say at present. Generally, let us be open about this, the regional work has not succeeded as it should have. Maybe you have heard me give my opinion clearly about that. The only way to do that is to reorganise and have structures, and my opinion is that we have to have robust structures. Voluntary collaboration, if you look at all the evidence in its entirety—certainly in my experience in north Wales—has not worked. Again, in my experience, unfortunately, the will does exist within local government, but it does not exist across the piece, and sometimes it does not appear at the times that you would want it to. It is very frustrating.

In terms of libraries, again, is a regional or sub-regional service the answer? Yes, perhaps, but, ultimately, it is about locating libraries and having the numbers there, or

niferoedd yna, neu gael y math o wasanaeth sy'n mynd i ddarparu ar gyfer y cwsmer. Mae'n wasanaeth sydd yn newid. Fe ellid ei gynnal yn rhanbarthol o ran ei weinyddiaeth—rwy'n credu hynny'n gryf iawn—ac yn sicr gellid ei wneud yn is-ranbarthol, drwy bennu'r llyfrgelloedd sydd eu hangen yn nhermau adeiladau, a chael gwasanaeth—gwasanaeth teithiol ac yn y blaen—drwy ganolfannau eraill yn ogystal. Byddai modd gwneud hynny'n rhanbarthol, neu'n sicr yn is-ranbarthol. Fodd bynnag, mae'n fater o ewyllys, rwy'n ofni.

having the kind of service that is going to deliver for the customer. It is a service that is changing. It can be delivered regionally in terms of its administration—I believe that strongly—and it can certainly be delivered on a sub-regional level, by determining the libraries that are needed in terms of buildings, and having a service—a mobile service and so forth—in other centres as well. It would be possible to do that on a regional basis, or certainly on a sub-regional basis. However, it is a matter of will, I am afraid.

[178] **Darren Millar:** Councillor Morgan, do you want to reflect on opportunities for collaboration on a regional basis?

[179] **Mr Morgan:** One of the earlier points was about some of the service changes and transformation. I will just give some examples. In Rhondda Cynon Taf, we have merged our youth offending service. So, we have streamlined the management; we now have one management structure covering the two counties. We only last week agreed that our MASH, the multi-agency safeguarding hub, is to transfer into the police station in Pontypridd, but it will cover the Cwm Taf footprint, so we will have officers from multi-agencies for different authorities based in the one location. A couple of years ago, we merged our emergency planning with Merthyr, so we have made efficiencies in both management and standby and out-of-hours arrangements.

[180] I will come back to one of the points made earlier about using some of the different models and different providers. One of the concerns—. Where they can fit in, that is great, and we are looking, within the restructuring that we are currently doing, to appoint an officer to work more with the third sector and social enterprise groups in providing support. We are also looking to see what grant funding could be available for pump-priming these groups, because, if they do take over a facility, it may be that we need to put some financial support into them. However, it does come at a risk. For example, our leisure services—. As I mentioned, we have a large number of leisure centres. We are quite clear that, if a private provider were to take over our leisure centres, they would close all but three. Geographically, they would only want one in each of the former Rhondda, Cynon and Taff Ely areas, because the financial modelling would show that to make a profit they would only want to have three. We are looking to see what we could do in terms of a social enterprise taking them over, or some sort of third sector group. However, there is a fear that, potentially, we could go down to six. So, even where we have looked to try to work with the private or voluntary or third sectors, or with social enterprises, it comes at a risk to services, because, in many cases, while the times were good and there was additional funding, many of these areas we put the funding into were these additional sort of benefits that people have become accustomed to. Unfortunately, going back to what I said earlier, because of the ring-fencing issue and where we can make the cuts, these are the areas that it can impact on.

[181] **Jenny Rathbone:** How many of your pools are heated by renewable energy? If you are still having to use the big six, no wonder they are not sustainable. I really just wanted to ask a question about how we bring services together. One of the services that is always there is the primary school. Even if you are a small village and it closes, there will be another village where people are going. So, how community-focused are our schools and how can we use them to be hubs for libraries, use the school bus to return books et cetera? How much of that is going on, bringing services together to make them more sustainable?

[182] **Darren Millar:** Who wants to answer this first, Andrew or Councillor Moore?

[183] **Mr Moore:** I take your point about primary schools. It is a good idea. I know that one of the things we talk about is clustering schools, and I think that it is absolutely right that schools should become more community-focused. It is one of the things that I was hoping we could do with our school investment strategy, particularly, not necessarily with primary schools, but secondary schools. If you think about the buildings that are currently there, they are lying empty for quite a long time. Children are in school during the day, but what happens in the evening, what happens at the weekend or during school holidays? I think that they should become more community-focused. Indeed, I agree with you. It is something that we have to be mindful of; it is something that we have not all done. One of the things I said in terms of secondary schools is that one of the things we have done in Cowbridge and in St Cyres School in Penarth is bring the community in on community days, because we have facilities in those particular schools now that can be used by the community outside school time. So, that is all part of it. Others have talked about leisure, because there are 3G pitches or whatever that are available. So, I think that it all has to be part of the mix.

[184] **Sandy Mewies:** We started talking about the financial challenges that are facing local authorities now. I think that two of you have touched on welfare benefits and the effect not yet being known. That of course is not something that you control, but it undoubtedly has an impact on what you do. So, I wonder whether you could give us an estimate of how it has affected you to date. I know that you commented, 'We've got no idea', but do you expect that that impact is going to grow on individual authorities? If so, any transformational change, in some way, may have to take that into account. Do you see it as an issue or not?

[185] **Mr Moore:** It is the \$64,000 question, I think. We are not yet sure what the output is going to be in future. I know what we did when we knew about things with the—excuse me, but I am going to call it this—bedroom tax. When that came in, we actually changed the way our services operated. We created new teams in order to look at the impact and work with people who could be affected or would be affected and to look at whether there was any way we could put some remedial action in place first, whether we could ensure that, if anybody had to move, we knew where they would move to. Similarly, in terms of homelessness, we have tried to change the way we operate our homelessness system. To date, we do not have families in bed-and-breakfasts any more. Also, we have not evicted anybody for rent arrears. However, it has meant a step change and a total change to the way we worked in the past. The problem is that you do not know what is coming and you do not know how much it is going to affect you. You can only deal with it as and when it comes in, I think. So, you have to be able and agile enough to be flexible, to deal with it as and when it happens. However, at the moment, we do not know how much it is going to affect us and how it is going to affect us. That is the problem.

10:30

[186] **Darren Millar:** I will bring in Councillor Morgan now. I just wish to let Members know as well that the Wales Audit Office is doing a piece of work on the impact of welfare reform, which is going to be published in the new year. So, we will be receiving a report on this issue on which we may want to undertake a further piece of work in the future. I will bring Councillor Morgan in and then Councillor Edwards.

[187] **Mr Morgan:** May I just support what Neil said? I do not think that we know the full impact yet, because it is obviously going to feed through with the benefit changes. One of the areas that I would say in my own authority—which we probably have to do further work on to evidence back the link—is that there has been a significant number of children who are looked-after within the authority. That is something for which we now have a team in place, trying to manage that very closely, because we saw double-digit increases over the last couple

of years. We are now trying to work closely with families that have been identified and try to make interventions there before that comes through. However, if I could just give you some examples: in my own ward, we now have a food bank that operates out of the community centre. You see the people come there. We also have job clubs, where we try to help people. Everything now involves the internet, so you have to apply for benefits all through the internet; you have to do it all online. Many people in deprived areas—my own ward is a Communities First area—simply do not have the knowledge or sometimes the ability to do all of this online. So, there is a bit of handholding, where local authorities work with other agencies and Communities First partnerships; I am lucky in my area. However, I do not think that we will see the full impact of the changes, I would say, for a number of years. I think that probably in a few years' time, we will be able to look back and then build evidence through some of the links back to the changes.

[188] **Mr Edwards:** O ran y newidiadau i'r gyfundrefn budd-daliadau ac ati, pan ddaeth y manylion, penderfynom ni, fel cyngor, roi swm penodol i mewn i gronfa i helpu gyda taliadau disgresiwn pobl a oedd yn wynebu diffyg yn eu taliadau rhent ac yn y blaen. Mae hynny wedi bod yn rhywbeth penodol rydym yn parhau i'w wneud, oherwydd rydym yn gweld yr angen i wneud hynny. Mae tystiolaeth anecdotaidd, rwy'n credu, ar hyn o bryd bod mwy o bwysau ar wasanaethau megis gwasanaethau tai, digartrefedd, gwasanaethau plant a theuluoedd ac, wrth gwrs, bwysau i gasglu'r dreth gyngor yn llawn, lle mae diffyg ar hyn o bryd a phobl o dan bwysau. Wrth gwrs, yn aml iawn, dyna'r bil olaf mae pobl yn dymuno ei dalu ac mae'r cyngor yn gorfod mynd i fesurau i geisio casglu'r dreth honno. Felly, mae tystiolaeth anecdotaidd a bydd y gwaith hwnnw gan y swyddfa archwilio yn eithaf diddorol i'w weld, rwy'n credu.

Mr Edwards: In terms of the changes to the benefits system and so on, when the details came forward, we, as a council, decided to put a specific amount into a fund to help with discretionary payments for people who were facing a deficit in rent payments and so on. That has been something specific that we continue to do, because we see the need to do it. There is anecdotal evidence, I think, at the moment that there is greater pressure on services such as housing, homelessness, children and family services and, of course, pressure to collect the council tax in full, where there is a deficit at the moment and where people are under pressure. Of course, very often, that is the last bill that people want to pay and the council then has to take steps to try to collect that tax. Therefore, there is anecdotal evidence and that work by the audit office will be quite interesting to see, I think.

[189] **Darren Millar:** Sandy, you wanted to come in.

[190] **Sandy Mewies:** No, it is okay.

[191] **Darren Millar:** Mike Hedges.

[192] **Mike Hedges:** No, I have asked all of my questions.

[193] **Darren Millar:** Jenny Rathbone.

[194] **Jenny Rathbone:** Just turning to environmental health, we have a report that indicates that, because it is a non-statutory area, this is an area where there are risks in cutting it so deeply that it then causes you to have even bigger expenditure, for example, if you have an E. coli outbreak or something like that. I also want to look at it in the sense of your engagement with citizens to get them to engage on not creating some of the problems that cause you to have to go out, and that cost money—not fly-tipping, for example. If you are in a rural area, why are communities not recycling their food waste at home as opposed to sending it off to some central location? Those are the sorts of things where engaging with communities could actually make a difference. So, first of all, there are the risks of cutting

these non-statutory services in terms of it actually costing more, but also there is engaging more with citizens on something that does not require you to have a PhD.

[195] **Mr Morgan:** You are quite right on the environmental health front. We have just recently, as part of one of the service changes that we are currently making, reduced our service. We are still going to be well above what is statutory, but you are right that some of the areas in which we are cutting back are around some of the additional services that we provide around education and some of the additional support services that we provide. We will still be providing some, over and above what we have to by statute, but it goes across the board. We are looking at licensing and other services that we provide and what we absolutely have to provide as the bare minimum and then we have drawn a line somewhere between where we are now and that bare minimum line. We are trying to maintain a certain amount of additional resources so that we can cover some of the things that you are talking about, but it is difficult. It is a priority area and an area that we do not want to be cutting. If we were to say that that budget is going to largely stay intact, all it does is increase the percentage on the next budget that has to be cut. It is about trying to weigh up those balances, but you are quite right that it does come with a risk.

[196] On food recycling, it is the right message to say that we would want people to be recycling at home. It is a good green message to have. However, in line with Welsh Government policy, it does not help us. We need every single person to send all their recycling—whether it is green, food or dry recycling—and we need to process it, because my authority and a number of other authorities are at risk of fines if we do not hit our targets. Again, it is a catch-22 situation.

[197] **Darren Millar:** Wales is doing remarkably well on the recycling front. Councillor Edwards, did you want to add anything to that?

[198] **Mr Edwards:** Rwy'n meddwl bod y pwynt rydych yn ei wneud yn un da iawn. Mae'n ymwneud â'r angen i fod yn rhagweithiol. Pan fo toriadau i gyllideb, mae perygl torri'r gallu i fod yn rhagweithiol; sef y gallu hwnnw i arolygu manau bwyd a'r gallu i gael rhaglen addysg hylendid bwyd, ac yn y blaen. Ond, rydym yn ceisio gwneud hynny. Rydym yn ceisio gwneud hynny gyda llai o adnoddau a llai o staff. Mae'n wir i ddweud bod risg yn hynny o beth. Rydym wedi gofyn i bwyllgorau craffu edrych ar hyn yn benodol, er mwyn mesur y risg ac er mwyn cyfarch y mesuryddion perfformiad, ac yn y blaen. Rwy'n credu bod hynny'n un ffordd i ni yn fewnol gadw golwg arno. Mae cyrff fel y swyddfa archwilio hefyd yn edrych arno.

Mr Edwards: I think that the point you make is very good. It is about the need to be proactive. At a time of budget cuts, there is a danger of cutting that ability to be proactive; that ability to monitor food outlets and have a programme of education around food hygiene, and so on. However, we do try to do that. We are trying to do that with fewer resources and fewer staff members. It is true to say that there is a risk in that regard. We have asked scrutiny committees to look at this specifically, to measure the risk and address performance measures, and so on. I think that that is one way for us internally to keep an eye on this matter. Bodies such as the audit office are also looking at this matter.

[199] O ran ailgylchu, mae gennym raglen eithaf cynhwysfawr o ailgylchu yng Ngwynedd. Mae ailgylchu bwyd yn y cartref, cyn i ni ei gasglu o finiau brown, wedi digwydd ers sawl blwyddyn. Mae'n digwydd yn llwyddiannus iawn. Mae wedyn yn cael ei drin mewn peiriant sy'n edrych fel rhywbeth o'r gofod, yn cael ei wresogi ac yna'n landio

In terms of recycling, we have quite a comprehensive programme of recycling in Gwynedd. Food recycling in the home, which we collect in brown bins, has happened for several years. It happens very successfully. It is then treated in a machine that looks like something from outer space, it is heated and ends up back in the home in the garden as

nôl yn y tŷ yn yr ardd fel compost. Felly, mae'n llwyddiannus iawn. Byddwn yn annog pawb i gael system debyg. Rydym yn casglu gweddillion bwyd yn wythnosol, yn yr un modd â gweddillion plastigau a gweddillion eraill. Rydym wedi symud, fel rydych yn gwybod, i gasglu gwastraff na ellir ei ailgylchu bob tair wythnos mewn rhannau o'r sir, ond rydym yn casglu gweddillion bwyd yn wythnosol. Mae'r system, at ei gilydd, yn effeithiol iawn ac yn golygu ein bod yn gallu ailgylchu bwyd sy'n weddill gan deuluoedd.

compost. So, it is a very successful scheme. We would encourage everyone to introduce a similar system. We collect food remains on a weekly basis, as well as plastic and other recyclable waste. We have moved, as you know, to collecting waste that cannot be recycled every three weeks in parts of the county. However, we collect food waste on a weekly basis. It is a system that is, in general, very effective and means that we can recycle food no longer needed by families.

[200] **Darren Millar:** Do any of the other witnesses want to add anything? You do not have to.

[201] **Mr Moore:** The point with environmental services is that, you are absolutely right, they are non-statutory services; but, there are statutory services there. One thing that you have to do is ensure that your staff become generalist. It is an area that needs to be considered; you can have a specialist within a particular service area, but today one has to be more flexible. The service in which I used to work was very flexible in terms of that. That is one of the ways forward. You have to prioritise, and clearly you have to prioritise the statutory services, but that does mean that, on occasion, you can continue with the non-statutory ones. One of the major ones, and one of the ones being hit, is the training element—not for the staff, but for the citizens themselves. You are absolutely right that going around schools and teaching children could be taken up through the schools themselves—making sure that people wash their hands and that they understand the system and understand what it is all about. I know that we used to have things like going out and about with the trailer telling people to come to have a look—getting some education to the general public. Clearly, that is one of the ones that may fall off a little, because you need to actually provide the statutory services as a priority.

[202] However, there are also ways and means, as we have done, of trying to regionalise it, so that you get the resilience within the service. So, if you are having an E. coli outbreak, it is all grist to the mill, which you would not do if you were very small.

[203] **Darren Millar:** An important point. The final question is from Aled Roberts.

[204] **Aled Roberts:** A gaf i jyst ofyn ichi am wasanaethau iechyd yr amgylchedd yn y lle cyntaf? A ydych chi'n derbyn y feirniadaeth o fewn yr adroddiad nad yw aelodau etholedig na swyddogion yn derbyn gwybodaeth gadarn a phriodol i gefnogi'u gwaith o wneud penderfyniadau a chraffu? Mae hynny yn creu rhyw fath o bryder i mi. Os ydy'r adroddiad ei hun yn dweud bod y wybodaeth a'r data ddim yn gadarn, ar ba sail ydych chi'n gwneud eich penderfyniadau? A ydych chi'n derbyn y feirniadaeth honno?

Aled Roberts: Could I just ask you about environmental health services in the first instance? Do you accept the criticism within the report that neither elected members nor officials have robust and appropriate information to support their decision making and scrutiny work? That causes me some degree of concern. If the report itself says that the information and the data are not robust, on what grounds do you base your decision? Do you accept that criticism?

[205] **Mr Moore:** I think that is a fair criticism, to be honest. In some respects, it is a specialist service, but the data are there, and the issue is the way that it is transmitted to members. Clearly, one of the ways—well, when the balloon goes up is when there is an outbreak of whatever. I think, in fairness, it is a difficult situation, because the way the scrutiny process currently works is maybe not as transparent as it could be. I think that that is

a genuine concern, I agree with you. I think that, as far as I was concerned, because it is part of my responsibility, that is what I saw as the problem. It was not necessarily our being able to scrutinise it so much, but actually having the resilience within the service to carry out all of the functions that need to be carried out. The other issue is that we have a reporting system whereby each of the premises that you would have to visit would have a high, medium or low priority, and clearly, you would have to ensure, —as far as I am concerned, as a scrutineer, you would have to ensure that all the high-priority premises were definitely inspected, or whatever, as a principle, and as many of the medium-priority ones as possible, as well. The reason they are high and medium priority is because of the risk factors taken into account, in terms of any of them. So, because it forms just a minor part, in some respects, of the scrutiny process, then, yes, maybe it is not as resilient as it could be. As the report actually indicates, that is partly due to the fact that it is very low spend, in terms of the amount of money we spend. I think it says that we spend something like 0.5% or 0.4%—something like that—of the budget, but clearly, it has a major impact in terms of citizen health and other issues, too, so I think it is a fair criticism.

[206] **Darren Millar:** Do you have anything to add?

[207] **Mr Edwards:** Os ydy'r datganiad yna yn wir, mae'n bosibl bod yna ddatrysiad eithaf syml, onid oes? Rydym yn sôn am wasanaeth sy'n bur dechnegol ei natur. Onid y peth i'w wneud yw sillafu allan yn glir iawn? Dyma'r mesuryddion: dyma ydy'r pethau y dylech chi edrych amdanynt yn eich awdurdod unigol. Dyma ydy'r cwestiynau ichi gael sicrwydd o'r atebion yn y pwyllgorau craffu, gan eich cabinet, ac yn y blaen. Hynny yw, mae'n wasanaeth pur dechnegol. Nid oes amrywiaeth sylweddol yn mynd i fod rhwng y tri ohonom ni o ran y ffordd yr ydym yn cynnal y gwasanaethau yna. Mae amrywiaeth, efallai, o ran yr adnoddau yr ydym yn eu rhoi i mewn, ond o ran y canlyniad a'r hyn sydd angen craffu arno, mae'n mynd i fod yr un peth, onid yw? Felly, mae'n bosibl bod yna ddatrysiad eithaf syml i hynny, ac efallai y dylem weithio gyda'r Gweinidog perthnasol a'r swyddfa archwilio, jyst yn gweithio ar gyfres o brofion, neu beth bynnag, y gellid eu gwneud ar draws Cymru ar lefel pob un cyngor.

Mr Edwards: If that statement is correct, then it is possible that there is quite a simple solution, is it not? We are talking about a service that is quite technical in its nature. Would it not be best to spell it out very clearly? These are the indicators: these are the things that you should be looking for in your individual authorities. These are the questions for you to have certainty on the answers in your scrutiny committees, in your cabinet, and so on. That is, it is a highly technical service. There is not likely to be significant variation between the three of us in terms of the way we maintain those services. There is variation in terms of the resources we put in, perhaps, but in terms of the result and what needs to be scrutinised, it is going to be fairly similar, is it not? Therefore, there could be quite a simple solution to that, and perhaps we should be working with the relevant Minister and the audit office, just to work on a series of tests, or whatever it may be, that could be carried out across Wales at each council level.

[208] **Aled Roberts:** A gaf i jyst ofyn cwestiwn olaf ynglŷn ag incwm? Mae yna gydbwysedd, wrth gwrs, rhwng codi arian a'r hyn y mae pobl yn gallu ei fforddio. Roeddech chi'n sôn ynghynt am faterion hanesyddol. Beth oedd yn fy nharo i pan oeddwn i'n gynghorydd lleol oedd bod yna rai taliadau a ffioedd nad oeddent wedi cael eu hystyried am ddegawdau. Ydy'r system wedi newid erbyn hyn? A ydych yn ailedrych ar ffioedd yn rheolaidd?

Aled Roberts: Could I just ask a final question about income? There is a balance to be struck, of course, between raising money and what people can afford. You were talking earlier about historical issues. What struck me when I was a local councillor was that there were some payments and charges that had not been considered for decades. Has the system changed since then? Do you now revisit charges regularly?

[209] **Mr Edwards:** Wel, mae yna le inni ddiolch i'r argyfwng ariannol am unwaith, oherwydd mae wedi ein gorfodi ni i ailedrych ar gwestiynau felly.

Mr Edwards: Well, there is room for us to thank the current financial crisis for once, because it has forced us to look again at questions such as these.

10:45

[210] **Darren Millar:** Can I just ask one final question? What are your views on the report that was published today by the Chartered Institute of Public Finance and Accountancy regarding the potential costs and savings that could be realised as a result of local authority mergers across Wales? It has indicated that the initial cost could be over £0.25 billion pounds—up to around £268 million—which, of course, is in excess of the estimate, I think, that was in the Williams commission report. It has also suggested that, after an initial three-year period, around £65 million-worth of savings could come back to the public purse on an annual basis. Can I just ask each one of you, in a very short time, to give us your own personal reflections on that? You have done so, already, so we will start with you, Councillor Edwards, because you have already pinned your flag to the mast, as it were, in terms of supporting mergers. So, over to you first, and then I will come to Councillor Morgan and finally to Councillor Moore.

[211] **Mr Edwards:** Nid wyf wedi cael cyfle i ddarllen yr adroddiad yn fanwl, ond yr hyn y byddwn i'n ei ddweud yw mai dyma o leiaf y trydydd neu'r pedwerydd adroddiad ar oblygiadau ariannol o unrhyw un yr wyf i wedi'i weld, ac mae pob ffigur yn wahanol.

Mr Edwards: I have not had an opportunity to read the report in detail, but what I would say is that this is at least the third or the fourth report on the financial implications of any that I have seen, and every figure is different.

[212] Mae'n ymddangos i mi fod y ffigurau sydd gan CIPFA yn ochri ar yr ochr geidwadol. Fodd bynnag, mae'n glir iawn bod achos busnes inni newid y map ac uno cynghorau. Rwy'n meddwl bod yr achos busnes yn eithaf eglur, dros gyfnod, fel rydych chi'n ei nodi, o dair blynedd. O uno, byddwn yn glir iawn yn rhoi targed i brif weithredwr yng Ngwynedd i ddod i fyny efo £10 miliwn o arbedion. Byddwn i'n rhoi'r cyfarwyddyd hwnnw o uno. Rwy'n credu gellid dod i fyny efo £10 miliwn o arbedion i awdurdod fel Gwynedd.

It seems to me that the CIPFA figures seem to err on the side of conservatism. However, it is very clear that there is a business case for us to change the map and to merge councils. I think that the business case is quite clear, over a period, as you say, of three years. In merging, I would be very clear in setting a target for a chief executive in Gwynedd to come up with £10 million of savings. I would give that direction, in the event of a merger. I think an authority such as Gwynedd could come up with savings of £10 million.

[213] **Darren Millar:** Okay, thank you. Councillor Morgan is next.

[214] **Mr Morgan:** Having seen the report this morning—I am just scanning through it—I think the figures are probably there or thereabouts. I think that it is consistent with a number of other reports on the costs. The only thing that I would just want to reemphasise is that we are not against merging. We have made it quite clear, as an authority, that we are open to it and would consider it. Actually, I have talks this afternoon. I am going to Merthyr to meet with them. However, one point that I want to emphasise—and we spoke about it this morning—is that the recurring savings that have been suggested are being suggested on a like-for-like basis, which is at a point in time, as in how services are now. All I would emphasise is that if mergers, whether voluntary or forced, come about in three or four years' time, services will look radically different at that time to how they do now. So, there needs to be a further understanding of what the real savings will be. If you are talking about making back-office savings and service changes, and realising the £60 million to £70 million annual

saving going forward, a lot of that saving, that money and those budgets may well be gone by the time we get to that point in three years' time.

[215] So, I think that there is certainly a good cause to consider mergers and there is a good reason to look at it financially. However, I also think that we need to be realistic with the figures and realise that this is a piece of work as in now, and we also need a further piece of work to be done before any mergers come in, to actually look at the real figures. Otherwise, the service changes and the efficiencies that we are making year on year, I think, will conveniently be rolled up into the end figure of what the true saving of mergers will be.

[216] **Darren Millar:** Okay. Councillor Moore is next.

[217] **Mr Moore:** I think it is fairly public that the Vale of Glamorgan council and Bridgend council are talking to each other in relation to a voluntary merger. I have made my feelings clear in relation to the footprint issued by Williams. Yes, I agree that, in circumstances, some collaboration and merger could save money. What I am concerned about—and obviously the cost is roughly the same as it was between the Williams and the WLGA's figures originally—is that the figure of £65 million of savings is all well and good, but what you also have to remember is that, by the time we get there, we will have had to have saved more and more and more; therefore, I think that figure will reduce and reduce and reduce. I think the payback period will be slightly longer, in all honesty. Clearly, merging and joining services together is fine provided they become resilient.

[218] **Darren Millar:** Okay. Thank you very much. On that note, that brings us to the end of this particular evidence session. We are very grateful to you, Councillor Moore, Councillor Edwards, Councillor Morgan, and of course Chris Lee and Siân Davies for your attendance today. We appreciate it. You will be sent a copy of the transcript of today's proceedings, and if there are any inaccuracies in it, please let us know and we will make sure that the information is corrected. If you could pass on to the clerk the documents that you brought with you, Councillor Moore, we will make sure that those are circulated to the members of the committee. Thank you very much indeed.

10:50

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[219] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42.

[220] Does any Member object? I can see that there are no objections, so we will go briefly into private session. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:50.
The public part of the meeting ended at 10:50.*

