

CYNGOR SIR POWYS COUNTY COUNCIL

**County Council
20th January 2016**

REPORT AUTHOR: County Councillor Wynne Jones, Portfolio Holder for Finance

SUBJECT: Question from County Councillor Bob Mills

It is very important that we keep council tax to a minimum so why not move the appropriate personnel into the Shires and get rid of County Hall?

Keeping Council Tax as low as possible for our residents is something that we all as Councillors would like to achieve. However, in recent years achieving a low level of Council Tax has proved impossible due to the very poor funding settlements that has been received by the Council from Welsh Government. The position for next year is that we have received the lowest settlement in Wales with a cut in our AEF of 4.1% for 2016/17, which equates to £7.147 million. In addition to this the Council has around £5million of unavoidable growth pressure (e.g. Pay inflation, increase in employer's national insurance contributions, increased contributions to pension fund) which in total means that there are savings required of approx. £13million. Further significant savings will be required to be found for at least the following three years.

Cabinet have been working on a 3 year budget plan since June 2015, and have made substantial progress, but all calculations have been done on the assumption of a 3.75% Council Tax increase, and with the settlement we have received, it is looking extremely unlikely that it will be possible to provide a legally balanced budget for 2016/17 without some use of reserves. If Council was to set a low Council Tax increase at say 1%, that would mean that a shortfall in funding of income of £1.550million, and that shortfall would either have to be found either from further cuts in service or by a very large call on reserves. The problem with using reserves is that you can only spend them once, but the shortfall in funding outlined above will be repeated each and every year as we move forward. There are no easy choices in the situation facing our Council.

With regards to the issue raised of County Hall. The Cabinet have clearly set the Council on a course of reviewing the entire property portfolio, and the Councils Office accommodation throughout the County is not exempt from that process. With the planned changes to service delivery the Council needs to evaluate what office space it will need for future and to rationalise accordingly. There may come a time when County Hall may indeed not be needed, but that point in time certainly has not yet arrived. It may well turn out that County Hall may be one of the most difficult buildings in Powys to actually dispose of, and a quite different solution may be therefore needed.