

## REPORT TO THE CABINET

15 October 2019

**Cabinet Member:** Councillor Ioan Thomas, Finance Cabinet Member

**Subject:** Revenue Budget 2019/20 – End of August 2019 Review

**Contact Officer:** Ffion Madog Evans, Senior Finance Manager

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### 1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of August 2019 review of the Revenue Budget, and consider the latest financial position in respect of the budgets of every department / service.
- Note that there is a significant overspend by the Adults, Health and Well-being Department this year, as complex details need to be clarified in this picture in Adult care, the Chief Executive has already called a meeting of the relevant officers to gain a better understanding and a clear response program, as is the case in Child care.
- Ask the Cabinet Member for Children and Young People, together with the Head of Children and Families Department, to get to the root of the Department's overspend and take steps to bring the situation within control and within budget by the end of the financial year and report to the Cabinet on their response plan.
- Allow the Environment Department to earmark (£220k) of the department's underspend following a recent judicial review of a capital scheme relating to the Llanbedr access Road, due to reasons beyond the Council's control, by putting it into a specific fund for this purpose.
- On Corporate Budgets, transfer:
  - (£240k) relating to capital costs to the capital program's financing fund.
  - (£995k) relating to repair and maintenance to the repair and maintenance fund.
  - net underspend of (£1,632k) on Corporate Budgets to the Supporting the Financial Strategy Fund to mitigate the risk of overspending of Council departments in 2019/20.

## **2. Introduction / Background**

It is the Cabinet's responsibility to take steps, as necessary, to ensure appropriate management over the Council's budgets (e.g. approving substantial transfers or additional budgets).

This end of August report is presented based upon the latest review of the Council's revenue budget for 2019/20, and a summary of the position by Department is outlined in **Appendix 1**. As this report is for the position at the end of August, the report at the end of November will reflect the new structure, which includes the Housing and Property Department which took effect from 1 September 2019.

In **Appendix 2**, further details are given in respect of the main matters and budget headings where substantial variances are forecasted, together with specific recommendations where appropriate.

There are signs that some difficulties in realising savings are being highlighted this year, as we are trying to minimise the impact on Gwynedd residents by achieving efficiency savings, it is much more difficult than cutting services.

Clearly there are significant difficulties in some departments this year:

### **2.1 Adults, Health and Wellbeing Department**

Latest forecasts suggest over £1.6 million of overspend, which is a combination of a number of factors including failure to realise a number of savings schemes worth nearly one million. Increase in the numbers in Older People's residential and nursing placements and Supported Accommodation, with the overspend by the Provider service continuing.

### **2.2 Children and Families Department**

The latest statistics confirm that there has been a 15% increase in the number of children in care since 2018/19. Following on from this, the level of overspend by the Children and Families Department intensifies further this year to £2.9 million, with a forecast overspend of over £2.5 million on placements, with a significant proportion of the overspend on out of county placements. A Children's Budget taskforce has already been set up to address the complex financial issues in this field.

### **2.3 Highways and Municipal Department**

Overspend problems in waste collection and disposal continue this year, transitional costs before moving to new arrangements have led to a higher overspend this year.

## **2.4 Environment**

A combination of exceeding on income, underspend on supplies and services and achieving savings in advance is a Department-wide trend. The department is eager for the Cabinet to allow them to earmark (£220k) of the underspend towards unavoidable costs beyond the Council's control, following a recent judicial review relating to the Llanbedr access road.

## **2.5 Corporate**

Favourable forecasts of additional Council Tax yields, but continued trend of backdating transfers from Council Tax to Non Domestic Rates reduces income on Council Tax Premium. Take-up of Council Tax Reductions is at its lowest level for the fourth year running, consistent with the trend across North and Mid Wales Councils.

Net underspend on Corporate budgets which includes capital costs, corporate repair and maintenance, higher returns on interest receipts, bids returned and savings achieved in advance.

It is recommended that the general underspend on Corporate is transferred to the Financial Strategy Reserve to mitigate the risk of overspending of Council Departments in 2019/20, with the capital cost underspend to be earmarked to fund the asset management plan and corporate repair and maintenance underspend be transferred to a specific fund for the purpose.

## **3. General**

The end of August review on the budgets show a mixed picture with acceptable level of financial management by a number of the Council's departments. The pressure on departments is evident this year, with departments struggling to cope with this additional demand. A combination of specific implementation steps is recommended for the Adults, Health and Well-being Department and for the Children and Families Department, to ensure control of their budgets by 31 March 2020.

## **4. Next steps and timetable**

Implement the presented recommendations and present a subsequent report on the situation at the end of November 2019, to Cabinet on 21 January 2020.

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**Local member's views**

Not relevant

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**Opinion of the Statutory Officers****Monitoring Officer:**

Nothing to add from a propriety perspective.

**Head of Finance:**

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

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**Appendices**

Appendix 1 – Summary of net budget position for each department

Appendix 2 – Budget details and substantial variances

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