

MEETING	AUDIT COMMITTEE
DATE	13 February 2012
TITLE	THE 2011/12 REVENUE BUDGET – Third Quarter Review (December 2011)
PURPOSE	Monitoring Report on the Latest Financial Position
ACTION	Receive the information, consider the issues arising from the forecast expenditure and income against the budget, and decide upon appropriate recommendations to manage the budget of the Council and its departments.
AUTHOR	Dafydd L Edwards – Head of Finance
PORTFOLIO LEADER	Councillor Siân Gwenllian

1. BACKGROUND / INTRODUCTION

- 1.1** The second quarter review report was submitted to the Audit Committee on 17 November 2011 and to the Board on 22 November 2011.
- 1.2** This quarterly report presents the latest review of the Council's revenue budget for 2011/12, and a summary of the position by each Department is outlined in **Appendix 1**.
- 1.3** **Appendix 2** shows further details relating to the main issues and the budget headings where significant variances are forecasted, along with specific recommendations where appropriate (in the column on the right hand side of the broad sheets).

2. MAIN MATTERS ARISING

2.1 GENERAL

Generally, I can confirm that the department's budgets are under firm management this year. This is in spite of the element of risk taken whilst drawing up the 2011/12 budget in order to save £1.2m.

2.2 INFLATION

Note, under "corporate" on the last broad sheet (page 9), as there was no national pay increase by 2011/12, it is estimated that there will be a surplus of £998k in the 2011/12 reserve budget, after dealing with other inflation (see paragraph 2.8 below for the decision regarding its earmarking).

2.3 SOCIAL SERVICES

Note that the whole Department is expected to underspend £263k, following the budget transfer from the Elderly Service to the Children's Service in Quarter 2, and the recent decrease in expenditure in the Children's field.

2.4 CONSULTANCY DEPARTMENT

It is recommended that the Head of Gwynedd Consultancy Department reviews his departmental arrangements in order to restrict expenditure and/or increase commercial income, as his part of the “bargain” in connection with the Board’s decision to allocate to him an additional £70k in the second quarter review.

2.5 DEPARTMENTAL EXPENDITURE – GENERAL

Many departments have underspent as they have achieved some savings schemes before the relevant timetable, and by retaining vacant posts before re-structuring.

2.6 I support the intention of the Highways and Municipal Department and the Customer Care Department to establish funds, in different circumstances, in order to carry forward the resources to 2012/13:-

- **Highways** – page 5 – if there is not much more need for gritting this winter, there will be a request in due course to place the underspend in a specific reserve in order to finance necessary capital works in the Waste Disposal function.
- **Customer Care** - page 8 – a request to transfer £65k to a fund for the needs of cross-departmental software licences.

2.7 LANDFILL TAX

It is suggested that the landfill tax savings of £795k is allocated to the strategic financing fund as discussed in the Savings Programme Board (page 9).

2.8 USING SOME OF THE RESERVE BUDGET

It is suggested that the £998k of unused contingency budget should be earmarked to finance capital schemes (page 9).

3. RECOMMENDATION

The Audit Committee is asked to:

- 3.1 note and consider the 2011/12 budget position,**
- 3.2 confirm the recommendations presented here, and**
- 3.3 add other recommendations, in order to manage and adjust the revenue budgets of the Council and its departments for the current year, to be presented to the Board on 14 February 2012, if appropriate.**