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**MEETING:                   AUDIT COMMITTEE**

**DATE:                       29 JANUARY 2013**

**TITLE:                      2012/13 BUDGET REVIEW – ACTION ON  
RECOMMENDATIONS REGARDING CONSULTANCY**

**PURPOSE:                 TO SUBMIT ADDITIONAL INFORMATION FOR  
SCRUTINY BY THE AUDIT COMMITTEE REGARDING  
RISKS WITH THE BUDGET OF THE COUNCIL AND ITS  
DEPARTMENTS, AND RELEVANT DECISIONS BY THE  
CABINET**

**ACTION:                    TO SCRUTINISE THE ADDITIONAL INFORMATION  
FURTHER TO ACTION BY THE DEPARTMENT, THE  
CABINET AND THE RELEVANT CABINET MEMBER**

**CONTACT OFFICERS:     DAFYDD L EDWARDS, HEAD OF FINANCE AND  
HUW WILLIAMS, HEAD OF CONSULTANCY**

**CABINET MEMBERS:     COUNCILLOR PEREDUR JENKINS AND  
COUNCILLOR GARETH ROBERTS**

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1. The Second Quarter Review of the Council's revenue budget for 2012/13 was submitted to the Audit Committee on 22 November 2012, this being the most thorough budget review during 2012/13.
2. Amongst the budgets which caused concern were Waste, Parking and the Consultancy Unit.
3. In relation to the budget for the Consultancy Unit, it was reported as noted on the pages to follow.
4. The 22/11/12 Audit Committee resolved to invite the Cabinet Member for Environment and the Head of the Regulatory Department to the next Audit Committee in order to scrutinise the report that the Cabinet Member for the Environment submitted to the Cabinet on 22/01/13 and the decisions of that meeting, on the Consultancy Department's position.
5. It is the Cabinet's responsibility, delegated incidentally to the relevant Cabinet Member, to take action, as necessary, in order to secure appropriate control over the Council's budgets (e.g. ensure accountability of officers responsible for managing budgets, approval of significant virements or supplementary budgets).

The following report is submitted by the relevant Cabinet Member, Councillor Gareth W Roberts, who will be present at the meeting of the Audit Committee on 29 January in order to explain relevant action and respond to members' questions, along with the Head of Consultancy, Mr Huw Williams.

6. With its role as a key part of the corporate governance system, the Audit Committee is independent of the Council's executive body.

The Audit Committee should seek to ensure that the Council's financial management is adequate and support the statutory finance officer by scrutinizing and challenging the Cabinet's decisions and their leadership in respect of the departments' financial arrangements.

**REVENUE BUDGET 2012/13 - SECOND QUARTER REVIEW**

**DEPARTMENT: CONSULTANCY**

**Area:-                      Consultancy**

Opening Budget 2012/13	Revised Budget 2012/13	Forecasted Position 2012/13	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
<b>(526)</b>	<b>(452)</b>	<b>58</b>	<b>510</b>	<b>0</b>	<b>510</b>

**Explanation:-** The latest forecasts, namely the overspend position of £510k reflects a serious reduction in the fee income level that the Department has attracted up to now this year, and from the information available, the level which is estimated until the end of the current financial year. This is mainly due to a reduction in the level of work which was anticipated from the Assembly, roads improvement works by the Council, external works, for example, road works related to Wylfa 'B' scheme and extra essential statutory works, for example Water and Flood Act. The Department has already reviewed its Business Plan to reduce operational costs, including, the relevant staffing level to meet the current and anticipated work level, and trying to attract new contracts and commissions, which would bring extra fee income to the Department. This process, of course, introduces new challenges, and reflects the importance of seeking to balance the loss of staff with specialist skills, and then the ability to attract and perform new works. It is noted that the Department has a back up provision for redundancy costs and a previous underspend fund of £216k. Up to now, it appears that the relevant forecasts for the next financial year, 2013/14 does not look promising either.

**Recommendation:-** In the circumstances, it is recommended that the Head of Consultancy Department continues to review the position for this year, and also considers the forecasts for the next year, and the Environment Cabinet Member presents a detailed and comprehensive report to the 18 December Cabinet, on measures to rationalise the Department's ability to cope with the latest works prospects.