

REPORT TO THE CABINET

22 January 2019

Cabinet Member: Councillor Peredur Jenkins, Finance Cabinet Member

Subject: Revenue Budget 2018/19 – End of November 2018 Review

Contact Officer: Dafydd L Edwards, Head of Finance

1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of November 2018 review of the Revenue Budget, and consider the latest financial position in respect of the budgets of every department / service.
- Ask the Cabinet Member for Adults, Health and Wellbeing, together with the Head of Department, to get to the root of the Provider service overspend and take steps to reduce the overspend, and to report to the Cabinet on the response plan.
- Due to an increase in the overspend on a number of budget headings by the Children and Families Department since the last review, to consider the situation when receiving the Cabinet Member's performance report (29/01/19 Cabinet) with a view to attempt to reduce the overspend by the end of the financial year.
- Due to the level of overspend on pupils' transport by the Education Department, to consider the situation when receiving the Cabinet Member's report (29/01/19 Cabinet).
- Allow the Environment Department to allocate (£60k) of the department's underspend to conduct a review by commissioning research by the University and employing extra officers to collect evidence in the Public Transport field following a number of issues over recent years.
- Harvest (£2,984k) of the net underspend on Corporate budgets,
 - with (£700k) associated with the Council Tax premium to be allocated to a specific fund to be considered for the Housing Strategy.
 - (£435k) relating to capital costs to be transferred to the capital program's financing fund.
 - with the remainder of (£1,849k) to be transferred to the Supporting the Financial Strategy Fund to assist with inevitable one-off pressures on the Council's budgets.

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 November report is presented based upon the latest review of the Council's revenue budget for 2018/19, and a summary of the position by Department is outlined in **Appendix 1**.

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.

2.1 Adults, Health and Wellbeing Department

Overspend by the Provider services together with slippage in realising savings schemes from 2017/18 that are counterbalanced by an underspend in the Older People's, Physical Disability and Learning Services.

2.2 Children and Families Department

The overspending trend seen in 2017/18 has deepened, where overspend on placement, operational, Specialist/Derwen and other services increasing since the previous review.

2.3 Education Department

Additional pressure on school taxis and bus transport as well as catering and cleaning. Also the Additional Learning Needs and Inclusion field continues to overspend.

2.4 Economy Department

Slippage on the savings scheme in the leisure field is the main reason for the overspend but there has also been a reduction in the Leisure Centre's income forecast.

2.5 Highways and Municipal Department

The Department's overspending problems have deepened during 2018/19, which is a combination of an overspend on staffing costs, increasing sickness costs, income deficit and increased operational costs. The department has already started taking steps to reduce the overspend in the waste field, but there has been a slippage in implementing some schemes.

2.6 Environment

Underspend due to savings having been realised early and favourable income forecasts. The department is keen to conduct a review of public transport and therefore it is recommended that they allocate (£60k) of the underspend for this purpose.

2.7 Corporate

Extra tax yield is forecasted on the Council Tax and the Council Tax Premium scheme, but back-dated transfers from Council Tax to Non-domestic Rates has reduced the income. Decrease in claiming Council Tax Reduction that is consistent with the trend across the North and Mid Wales Councils.

Underspend on the capital costs budget. One-off refund of a Value Added Tax claim worth £1.383m relating to the leisure service during the period.

It is recommended that the general underspend on Corporate is transferred to the Financial Strategy Reserve to assist with unavoidable one-off pressures on the Council's budgets, with the underspend on Council Tax Premium to be set aside to be considered for use towards the housing strategy, and the capital costs underspend to be allocated to fund the asset management plan.

3. General

The end of November review on the budgets show a variable position with acceptable level of financial management by a number of the Council's departments. The pressures on the departments and which have already been recognised in the budget for 2019/20 is also apparent this year, with the departments struggling with these extra demands. A combination of specific implementation steps is recommended for the Adults, Education, Children and Families Departments, to ensure management of their budgets by 31 March 2019.

4. Next steps and timetable

Implement the presented recommendations and present an updating report to Cabinet on 21 May 2019 on the end of year situation.

Local member's views

Not relevant

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.

Appendices

Appendix 1 – Summary of net budget position for each department

Appendix 2 – Budget details and substantial variances
