

## **REPORT TO THE CABINET**

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| <b>Date</b>            | <b>25 October 2022</b>  |
| <b>Cabinet Member</b>  | <b>Councillor Ioan Thomas, Cabinet Member – Finance</b>                   |
| <b>Subject</b>         | <b>Savings Overview:<br/>Progress Report on Realising Savings Schemes</b> |
| <b>Contact Officer</b> | <b>Ffion Madog Evans, Senior Finance Manager</b>                          |

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### **1. THE DECISION SOUGHT**

- 1.1 To accept the information in the report and to note the progress towards realising the savings schemes for 2022/23, 2021/22 and previous years.
- 1.2 To note that the impact of Covid-19 contributed to slippage in the savings program, as the Council had given priority to responding to the crisis over the initial period of the crisis.

### **2. INTRODUCTION / BACKGROUND**

- 2.1 This report is an overview report on the Council's savings' position for 2022/23, 2021/22 and previous years.
- 2.2 Progress against savings schemes worth £595,000 in 2022/23 and £966,720 in 2021/22, together with the savings yet to be achieved from previous years, will be reported following a review of the position at the end of August 2022.
- 2.3 It can now be reported that savings of over £33.4 million have been realised since 2015/16, which is 94% of the required £35.4m over the period. We achieved to realise over 62% of the revised savings for 2021/22 with 41% of the savings for 2022/23 already realised or on track to deliver in a timely manner this year.
- 2.4 Delivering on the individual schemes is the responsibility of relevant Cabinet members, who challenge the performance of the departments, including the progress of the savings schemes. It is the responsibility of the Cabinet Member for Finance to keep an overview of the full picture.

### **3. RE-ASSESS SAVINGS**

- 3.1 The Council has financial planning arrangements that have already identified significant efficiency savings in order to minimise service cuts for Gwynedd residents. In January 2022, the savings schemes were reviewed to assess which historic schemes were now unachievable, and a revised program of savings was drawn up for 2022/23 following the writing off, slippage and re-profiling of the savings schemes.

3.2 With regard to the 2022/23 savings schemes, the Cabinet decided on 10 February 2022 to move the delivery profile for schemes worth £1,290,250 to 2023/24 and subsequent years, recognising that the situation has changed so much that savings schemes worth £489,750 cannot be delivered by deleting them from the budget, leaving £595,000 of savings to be realised in 2022/23. See Table 1 below.

**Table 1: Savings written off or deferred to 2022/23 :**

|                 | Original<br>£ | Deferred<br>£ | Written off<br>£ | Balance<br>£ |
|-----------------|---------------|---------------|------------------|--------------|
| 2022/23 schemes | 2,375,000     | 1,290,250     | 489,750          | 595,000      |

#### **4. DEPARTMENTAL SAVINGS SCHEMES 2015/16 – 2020/21**

4.1 **Appendix 1** summarises each department's attainment at the point of closing the accounts for 2021/22 against the savings target that had been set for them from 2015/16 - 2020/21, **a total of nearly £34m. It can be reported that £32.5m, or 96% of these schemes have been realised**, but a risk of realising the savings on a few schemes remains.

4.2 This marginal slippage mainly derives from some 2019/20 and 2020/21 schemes, and the challenge of realising them continues.

4.3 There has been a slippage in 23 schemes with the majority being small, worth a total of £721k but the Departments do not foresee a problem in their realisation.

4.4 The remaining 7 schemes totalling £652k have risks to deliver. 4 schemes from the Adults, Health and Well-being Department (total of £449k), 1 from the Highways and Municipal Department (£133k) 1 from the Economy and Communities Department (£45k) and 1 from the Housing and Properties Department (£25k). Responding to the Covid crisis has meant slipping some elements of savings schemes, but it may now be necessary to consider whether the savings are truly achievable or whether alternative schemes and approaches need to be proposed to realise the savings.

4.5 Since the closing of the 2021/22 accounts and by the August 2022 review a further £199,620 worth of schemes from the period 2015/16 – 2020/21 have been realised.

#### **5. DEPARTMENTAL SCHEMES 2021/22**

5.1 **Appendix 2** summarises the situation in terms of realising the savings schemes for 2021/22. Based on the closure of the accounts for the year, of the 24 schemes worth nearly £967k that have been profiled for the year, 13, **worth nearly £517k or 53% have been realised**. 11 schemes are either slipping or have some risks to achieve.

5.2 A total of £246k worth of savings schemes are slipping but are now moving forward while there are £204k worth of schemes where Departments are anticipating risks to achieve the savings.

- 5.3 Of the schemes at risk of delivering the Adults, Health and Well-being Department has 1 scheme with a target of £33,750, namely *To review the operating arrangements within the Adults Department*. The Department is working to move the scheme forward but there are still risks with elements of the work.
- 5.4 The savings from 1 scheme from the Highways and Municipal Department namely *Increasing fees for business waste collection* (£75k) had not been realised when closing the 2021/22 accounts but by the August 2022 review the Department has succeeded in realising it.
- 5.5 The scheme *Generating income by preventing fraud* worth £20k from the Finance Department has risks of realising. The Covid crisis led to a delay in realisation following the suspension of interviews relating to fraudulent claims in the Benefits area over the period of the crisis. They continue without being restarted as a result of the current circumstances, so a further delay in realisation is anticipated.
- 5.6 There is a risk of achieving the savings of the scheme *To reduce dependence on temporary accommodation by investing in purpose-built accommodation* by the Housing and Property Department which has a target of £75k in 2021/22. Since the introduction of this scheme, far-reaching changes have taken place within the field of homelessness. Before 2020/21 the Welsh Government's policy was to house according to need, but since the Covid pandemic the policy was changed so that Local Authorities house everyone. Although the Housing Strategy offers solutions in the long term, the financial situation due to homelessness in the short term is challenging for the Department.
- 5.7 Due to other priorities during 2021/22, there has not been as much progress on realising the year's savings schemes.
- 5.8 Since closing the 2021/22 accounts and by the August 2022 review, £107,500 worth of further schemes relevant to the 2021/22 period have been realised.

## 6. DEPARTMENTAL SCHEMES 2022/23

- 6.1 **Appendix 3** summarises the position in terms of realising the savings schemes for 2022/23. The total savings target is £595k with a value of £133k, which is 22% of schemes already having realised and a further £113k, or 19% are on track to deliver on time by the end of the financial year.
- 6.2 Of the 8 savings schemes that have been profiled for 2022/23, 2 have already been realised with a further 2 on track to fully realise in a timely manner. There have been slippages on 2 schemes totalling £130k but they are progressing which includes 1 scheme from the Finance Department and 1 from the Highways and Municipal Department.
- 6.3 Risks are foreseen to deliver savings of 2 schemes worth a total of £220k which includes the *Dwyfor Arts Centre* scheme (£70k) by Economy and Community Department and *Change of waste collection work arrangements to smaller shifts and circuits* scheme (£150k) by the Department Highways and Municipal.

**7. DEPARTMENTAL SCHEMES 2023/24 ONWARDS**

7.1 The savings schemes for 2023/24 onwards are listed, per Department in **Appendix 4**, but it is currently premature to report on the status of these schemes.

**8. CONCLUSION**

8.1 It is inevitable that realising £33.4m in savings (out of a total of £35.4m) since April 2015 has been challenging and I am grateful to all of the departments and Cabinet Members for ensuring this success.

8.2 The table below summarises the latest position of savings schemes since April 2015 with 94% of all schemes having been realised.

**Table 2: Summary of the status of all savings schemes since April 2015**

| Status of Savings                                 | Portal | £m          | %    |
|---|--------|-------------|------|
| Have realised                                     | 1      | 33.4        | 94.4 |
| On track to achieve savings in full and on time   | 2      | 0.1         | 0.3  |
| Delay, but moving forward                         | 3      | 0.8         | 2.3  |
| Some risks to achieve - slip or fail              | 4      | 0.8         | 2.3  |
| Significant risks to realise in full or partially | 5      | 0.3         | 0.7  |
| <b>Total savings</b>                              |        | <b>35.4</b> |      |

8.3 Therefore, I ask the Cabinet to note the achievement outlined in this report towards realising the savings schemes. In addition, to note that the impact of Covid contributed to slippage in the savings program and supporting the departments to move forward with the savings program.

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**Appendices:**

- Appendix 1 - Overview of 2015/16 - 2020/21 Savings Schemes per Department
- Appendix 2 - Overview of 2021/22 Savings Schemes per Department
- Appendix 3 - Overview of 2022/23 Savings Schemes per Department
- Appendix 4 - Overview of 2023/24 onwards Savings Schemes per Department