

REPORT TO THE CABINET
25 NOVEMBER 2014

Cabinet Member: COUNCILLOR PEREDUR JENKINS, CABINET MEMBER - RESOURCES

Subject: THE REVENUE BUDGET 2014/15 -
2nd QUARTER REVIEW (SEPTEMBER 2014)

Contact Officer: DAFYDD L EDWARDS, HEAD OF FINANCE

1. The decision sought / purpose of the report

The Cabinet is asked to:

- Receive the report on the second quarter review of the Revenue Budget (position as at 30 September 2014), and consider the latest financial situation regarding the budgets of each department / service, asking the Cabinet Members and relevant heads of department to take appropriate steps regarding the matters under their leadership/management.
 - Consider the attached report by the Corporate Director (and Statutory Director of Social Services) regarding the overspend position in the Older People field (Adults, Health and Wellbeing).
 - Approve £44k additional budget for the Highways and Municipal Department, to come from the Council's Corporate budgets.
 - Note the various reviews noted in the report and the steps to be taken by departments to manage their budgets.
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2. Introduction / Background

It is the Cabinet's responsibility to take action, as necessary, in order to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

The first quarter budget review report was submitted to the Cabinet on 15 July 2014. This report submitted today is much more detailed, being the most thorough review of budgets during 2014/15.

This quarterly report presents the latest review of the Council's revenue budget for 2014/15, and a summary of the position by each Department is outlined in **Appendix 1**. Apart from the position of the Adults, Health and Wellbeing Department (referred to specifically below) it is seen that the rest of the picture in its entirety shows management of departmental budgets.

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.

2.1 Adults, Health and Wellbeing Department – £1,189k overspend

The Department is conducting a review of their services, as well as taking steps to try to reduce and limit the current expenditure level, where possible. We will report further on the results of these efforts in our third quarter review, but in the meantime it must be acknowledged that this situation will put significant financial pressure on the Council this year, and we will have to face the impact by 2015/16, and limit implications where possible.

The attached report is presented by the Corporate Director (and Statutory Director of Social Services) regarding the overspend position in the Older People field.

2.2 Education Department

There has been additional pressure in many fields, including Redundancy and Early Retirement, Integration of Pupils and Additional Learning Needs, but also that the Department, through the use of reserves, is taking measures to keep this under control.

2.3 Regulatory Department

Additional financial pressures have arisen in the field of Integrated Transport (public transport mainly), but it is intended to deal with the situation this year by using other sources of funding. I note that the process of reviewing and prioritising the transportation network in Gwynedd continues, and the results and relevant financial implications are expected to be available by the third quarter.

2.4 Consultancy Department

Although the Department is using reserves this year to keep the deficit down, this response is only temporary, and if the fundamental reasons (i.e. a reduction in opportunities to attract income) continue, it follows that they will have to face and resolve the situation for the future.

Next steps and timetable

Act on the recommendations submitted and present the following report to the Cabinet on 17 February 2015 on the 3rd quarter review.

Local member's views

Not relevant

Opinion of the Statutory Officers

Chief Executive:

Clearly, at a time of financial distress when the Council faces the necessity to make efficiency savings and cuts, we have firm management of our baseline revenue budget. Of course, in doing so, we must be aware of the pressure of demands on services. This is more apparent this year in the Adults, Health and Well-being Department, for which a specific report highlights the pressures on the service in terms of numbers and intensity, but also quite rightly identifies our relatively high expenditure in the field.

Of course, transformational schemes have been authorised in the Strategic Plan to address the most crucial areas in the medium term, but the short term problem remains. The only way to solve that is through appropriate control of day-to-day expenditure. Whilst we must try to achieve the real needs of those that receive our services, we must also keep an eye on the financial implications of the decisions and it must be remembered that every pound that is spent on a service that is not truly essential is one pound more that will have to be saved or cut in due course and deprive others from essential services.

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 Departments' net budget position.

Appendix 2 – Details of budgets and significant variances.