

REPORT TO THE CABINET

21 November 2017

Cabinet Member: Councillor Peredur Jenkins, Finance Cabinet Member

Subject: Revenue Budget 2017/18 –
Second Quarter Review (September 2017)

Contact Officer: Dafydd L Edwards, Head of Finance

1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of the second quarter review (30 September 2017 position) of the Revenue Budget, and consider the latest financial position in respect of all departments / service, and requesting the Cabinet Members and the heads of the relative departments to take appropriate steps in respect of the matters under their leadership/ management.
- With the approval of the Head of Environment Department, transfer (£282k) from the Environment Department to the Financial Strategy Reserve.
- With the approval of the Head of Corporate Support Department, transfer (£54k) from the Corporate Support Department to the Financial Strategy Reserve.
- That (£200k) from the favourable Council Tax receipts, (£800k) from the underspend on Council Tax Reduction, (£406k) savings realised early, (£444k) one-off underspend on bids and (£697k) from favourable conditions on other Council budgets, and transfer it to the Financial Strategy Reserve to assist with unavoidable 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).

The first quarter review report was presented to the Cabinet on 18 July 2017. The report before you today is much more detailed.

This quarterly report is presented based upon the latest review of the Council revenue budget for 2017/18, 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 the failure to realise some savings are the main reasons for the Department overspend. The report by the Head of Department and the Cabinet Member to re-package their savings schemes in order that they are realised is still awaited.

2.2 Children and Families Department

The trend of overspending seen in the first quarter continues, with an overspend on placement and operational services.

2.3 Education Department

Additional pressure on school taxi transport, and also catering and cleaning, is responsible for the overspend. In the first quarter review, the Education Cabinet Member was requested to ensure that the Head of Education, in consultation with the Head of Environment, review the increase in spending on school taxis and take steps to manage the position, or to report on the situation. As the relative financial position has deteriorated, the Cabinet Member is requested to report on the matter directly to Cabinet.

2.4 Highways and Municipal Department

The overspending problems have deepened significantly during the quarter due to a combination of an income shortfall, slippage in realising savings, and increasing costs of handling and transport of recyclable materials. The Head of Department and the Cabinet Member are giving attention to the matters that are contributing to the financial position.

2.5 Environment Department

The Department's services are underspending as a result of savings from the proposed re-structuring, together with exceeding income targets. This favourable position this year enables the Department to transfer the underspend in excess of £100k to the Financial Strategy Reserve.

2.6 Corporate

There was an underspend from the collection of more Council Tax, less claims for Council Tax Reduction, savings realised early, bids that will not be used this year, and an underspend resulting from recent favourable circumstances. It is recommended that it is transferred to the Financial Strategy Reserve to assist with unavoidable one-off pressures on the Council's budgets.

3. General

On the whole, the second quarter review of the budgets reflect an acceptable level of financial management by a number of the Council's departments, but a combination of specific implementation steps is recommended for the Education Department, Adults Health and Wellbeing, Children and Families, and Highways and Municipal, to ensure management of their budgets by 31 March 2018.

4. Next steps and timetable

Implement the presented recommendations and present an updating report to Cabinet on 13 February 2018 on the third quarter review.

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 each department's position

Appendix 2 - Budget details and substantial variances