

REPORT TO THE AUDIT AND GOVERNANCE COMMITTEE

- Committee:** Audit and Governance Scrutiny Committee
- Date:** 28 November 2019
- Title:** The Corporate Support Department, Finance Department, the Corporate Management Team and Legal's savings proposals to meet their share of the potential £2m budget gap for 2020/21.
- Purpose:** Scrutinise the proposals of the Corporate Support Department, the Finance Department, Corporate Management Team and Legal's to find the amount of savings and consider what those, or the alternative options, would mean.
- Contact Officer:** Head of Corporate Support – Geraint Owen
Head of Finance – Dafydd L Edwards
Chief Executive – Dilwyn Williams
- Cabinet Member:** Corporate Support Department – Nia Jeffreys
Finance Department – Ioan Thomas
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1. Introduction / Background

Over the past 12 years, the grant we receive from the Welsh Government has not been sufficient to meet inflation, which has led to a financial situation where the Council has had to make significant savings.

It is not possible at this time to give assurances on the financial position of 2020/21, as it is premature to confirm the pay agreement, financial settlement, the level of grant for 2020/21, as well as a number of other factors. However, we considered how we are going to cope with the situation, and the possibility that our settlement might not be adequate.

A report on coping with the 2020/21 financial position was presented to Cabinet on 23/7/19, which stated that the Council needed to plan on the basis of a financial gap with a range of between £2m and £7m. It was decided to plan on the basis that a £2m gap (the most optimistic situation) needed to be met by asking departments to find their share to address that amount, which corresponds to the resource deficit the Council is likely to face due to inflation.

If the gap faced by the Council exceeds £2m, the intention is to use balances and/or set a higher increase on Council Tax to give us time to find a permanent solution.

2. Proportion to be found by Departments

The Council's accountants have apportioned the £2 million between departments, on the basis of a standard share of 0.78% of gross budgets, having adjusted for grants, etc. Departments were informed of their share of the sum to be found in July 2019, with the relevant amount for the Corporate Support Department being £61,340, Finance Department being £58,930 and the Corporate Management Team and Legal being £16,800.

Departments can identify part of the savings by not adding inflation in full or in part to some of the budgets that can be managed and reduced, such as travel costs, office supplies, etc. In addition, it is permissible to identify a new stream of income as a source, but it is not possible to raise the level of fees and charges to find the savings.

3. Departmental Proposals

See **Appendix 1** which contains the departmental proposals to meet the required amount, together with the implications of using the source as savings on the Department.

4. Recommendations

Ask Members to:

- Approve departmental proposals to meet their share of relevant savings

Appendices

- Appendix 1 – Corporate Support Department’s Savings Proposals List
- Finance Department’s Savings Proposals List
 - Corporate Management Team and Legal’s Savings Proposals List
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Corporate Support Department's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£16,140	To not add inflation to supplies and materials' budgets within the Department.	None - when considering other proposals to cut supplies and materials budgets, not adding inflation to those budgets in 2020/21 is considered as a step which would not affect the Department's ability to fulfil its function.
£7,200	To not renew the NDL Licence.	None - currently NDL software is used to directly transfer information from the Customer Contact Service to the Planning Service's APAS system. Changes to the operational process as from the 1 st April 2020 means that investing in this licence is not required in future.
£24,000	Reduce a variety of central budgets and specifically within the Business Support and Support Services.	None - this is a combination of smaller savings within the Department, a reduction in expenditure on printing corporate documents e.g. Council Plan, Performance Report, as well as reduce expenditure on supplies and materials.
£10,000	Attract additional income from a new source.	None - provide services to a new external establishment.
£4,000	Reduction in expenditure on salaries within the Customer Contact Service.	None - this saving emanates from the increasing use of the self-service provision along with a recent managerial re-structure within the Customer Contact Service.
£61,340	Total	

Finance Department's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£14,000	Inflation - Various - Not to add inflation for 2020/21 on some budgets other than staff.	No impact on Gwynedd residents - the Department can continue to fulfill it's role whilst not putting inflation on some budget headings.
£14,000	Accountancy/Management - Attract additional income through new contracts.	No impact on Gwynedd residents - the income will come from providing services to a new external organisation.
£11,000	Information Technology - Attract additional income, a combination of new deals and additional activities.	No impact on Gwynedd residents - more income from an external customer for a higher level of provision.
£12,000	Non-Domestic Rates - Attract additional income from the Business Improvement District (BID) scheme's administration fee.	No impact on Gwynedd residents - this 'new' income comes from an agreement that is now dependable.
£7,930	Modernisation - Reducing many budgets by implementing new ways of working across the department.	No impact on Gwynedd residents - when using online services, less will be spent on postage, statutory notices and on specialised services.
£58,930	Total	

Corporate Management Team and Legal's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£5,000	Forego inflation on some headings in the Management Team; Legal; Electoral registration and Coroner Budgets.	No obvious effect. We should be able to cope with the budgets under consideration at their current levels.
£3,000	Management Team & Monitoring Officer - Reduce postage, furniture and equipment budgets.	None. As we have moved to greater use of technology we are spending much less on postage and it can be reduced substantially.
£3,390	Management Team - Reduce conference budgets.	None. In the light of the proposal to keep one Director post vacant we will have less ability to attend meetings on behalf of the Council and there will therefore be a lower associated costs.
£2,500	Legal - Lexcel fees.	None. We intend to stop obtaining the external Lexcel accreditation but internal Office Management will continue to be undertaken in accordance with the principles.
£2,910	Legal - Income.	None. Over the years, in order to meet the savings targets the Legal service has been doing external work in order to generate income. Current levels of activity suggest that we are generating more than we anticipated.
£16,800	Total	