

REPORT TO THE CABINET

21 JANUARY 2020

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Revenue Budget 2019/20 – End Of November 2019 Review

Contact Officer: Ffion Madog Evans, Senior Finance Manager

1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of November 2019 review of the Revenue Budget, and consider the latest financial position in respect of the budgets of every department / service.
- Note that there is a significant overspend by the Adults, Health and Well-being Department this year, as complex details need to be clarified in Adult care, the Chief Executive has already called a meeting of the relevant officers and commissioned work in order to get a better understanding and a clear response programme. To try and address this overspend in the future, additional resource has been allocated as part of the bidding process for the 2020/21 budget.
- Note that a Children's Budget Task Force has been commissioned by the Chief Executive to address the complex financial issues of the Children and Families Department in order to get to the root of the overspend, with the intention of reporting to the Cabinet detailing the response plan. To try and address this overspend in the future, additional resource has been allocated as part of the bidding process for the 2020/21 budget.
- On Corporate Budgets, that:
 - (£198k) yield on Council Tax Premium added to the £2.7 million that has already been allocated in 2019/20 be considered for the Housing Strategy.
 - (£75k) relating to capital costs be allocated to the capital program fund.
 - (£500k) of Corporate underspend be allocated to fund the lack of grant in the sustainable social services field.
 - (£312k) be used to fund one off bids that have been presented by the departments for the purpose of 2020/21 expenditure.
 - the balance of (£502k) goes to the Council's general 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 2019/20, and a summary of the position by Department is outlined in **Appendix 1**. This report reflects the latest structure following the establishment of the Housing and Property Department on 1 September 2019 with services transferring from the Environment Department and the Adults, Health and Wellbeing Department.

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.

There are signs that some difficulties in realising savings are being highlighted this year, as we are trying to minimise the impact on Gwynedd residents by achieving efficiency savings, it is much more difficult than cutting services.

Clearly there are significant difficulties in some departments this year:

2.1 Adults, Health and Wellbeing Department

Latest forecasts suggest over £1.8 million of overspend, which is partly alleviated to £658k following the receipt of a grant and the use of one-off funding. The overspend is a combination of a number of factors including failure to realise a number of savings schemes worth nearly one million. Increasing pressure on the Supported Accommodation budget in Older People and Learning Disability, with the overspend from the Provider Service continuing.

2.2 Children and Families Department

Increasing pressures on the services with the number of children in care at its highest level in comparison to previous years, following this, the Children and Families Department's overspending has intensified this year to £3.2 million, with forecasts of over £2.6 million of overspends in the placement area, with the majority of the overspend in the out-of-county placements. A Children's Budget Task Force has been established to focus on this area's complex financial situation.

2.3 Highways and Municipal Department

Overspend problems in waste collection and disposal continue this year, transitional costs before moving to new arrangements have led to a higher overspend this year.

2.4 Environment

As part of the end of August Review the Environment Department received the Cabinet's approval to earmark £220k of their underspend this year towards costs following a judicial review relating to the entrance road in Llanbedr. As the underspend forecast isn't as favourable by now, following the decline in the parking income forecast, the underspend is no longer sufficient to fund the full amount but it would be wiser to wait until the end of the financial year for confirmation of the exact position.

2.5 Corporate

Favourable forecasts of additional Council Tax yields, but continued trend of backdating transfers from Council Tax to Non Domestic Rates reduces income on Council Tax Premium. Take-up of Council Tax Reductions is at its lowest level for the fourth year running, which is consistent with the trend across North and Mid Wales Councils.

Net underspend on Corporate budgets which includes capital costs, returned bids, grant receipts and the needs aren't as intense in comparison to what was anticipated when setting the budget

It is recommended that the underspend on the Council Tax Premium is considered for the Housing Strategy and the underspend relating to capital costs be allocated to the capital program fund. The first priority on the general Corporate underspend is to finance the £500k lack of Sustainable Social Services grant, (£312k) be used to fund one off bids that have been presented by the departments for the purpose of 2020/21 expenditure with the balance of (£502k) going to the Council's general funds.

3. General

The end of November review on the budgets show a mixed picture with acceptable level of financial management by a number of the Council's departments. The pressure on departments is evident this year, with departments struggling to cope with this additional demand. A combination of specific implementation steps is recommended for the Adults, Health and Well-being Department and for the Children and Families Department.

4. Next steps and timetable

Implement the presented recommendations and present a subsequent report on the situation at the end of the financial year 2019/20, to the Cabinet mid May 2020.

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
