

## **REPORT TO THE CABINET**

<b>Date</b>	<b>13 October 2020</b>
<b>Cabinet Member</b>	<b>Councillor Ioan Thomas, Cabinet Member – Finance</b>
<b>Subject</b>	<b>Savings Overview: Progress Report on Realising Savings Schemes</b>
<b>Contact Officer</b>	<b>Ffion Madog Evans, Senior Finance Manager</b>

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### **THE DECISION SOUGHT**

To accept the information in the report and to note the progress towards realising the savings schemes for 2020/21, 2019/20 and previous years.

To approve the alternative schemes outlined in Section 6 and Appendix 5 to replace historical schemes which are unable to achieve.

To note that the impact of Covid19 contributed to slippage in the savings program, as the Council had given an unfettered priority to safeguarding the health and lives of the people of Gwynedd in response to the crisis, which meant that the arrangements for challenging performance and savings could not continue over the period of the crisis.

To support the intention of the Chief Executive and Head of Finance to arrange to meet each Cabinet Member with their Heads of Department, to discuss how the proposed savings procedure can be revisited, so that the Council can proceed with a proportion of the savings program despite the crisis.

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### **1. INTRODUCTION / BACKGROUND**

This report is an overview report on the Council's savings' position for 2020/21, 2019/20 and previous years.

In the Council's Financial Strategy since 2015/16, £36m worth of savings have been approved to be realised during the period 2015/16 to 2020/21. The progress against savings schemes worth £3,764,900 in 2020/21 and £5,395,030 in 2019/20 is reported upon here, along with the savings that are yet to be achieved from previous years, following a review of the position at the end of August 2020.

Realising the individual schemes is the responsibility of the relevant Cabinet members who challenge the performance of the relevant 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.

## 2. SAVINGS SCHEMES 2015/16 – 2018/19

- 2.1 **Appendix 1** summarises each department's attainment against the savings target that had been set for them from 2015/16 - 2018/19, **a total of nearly £27m. It is encouraging for me to be able to report that nearly £26m, or 98% of these schemes have been realised**, but there is a risk of realising the savings on a few schemes.
- 2.2 This marginal slippage mainly derives from some 2017/18 schemes, and the challenge of realising them continues.
- 2.3 As reported to the Cabinet on 28 January 2020, risks are anticipated to achieve the value of £102k of savings in two schemes of the Adults, Health and Well-being Department namely *Automate the Department's financial processes* and *Improve efficiency of field workers*.
- 2.4 Again, as reported to the Cabinet on 28 January 2020, there are substantial risks to achieve savings in the *End to End Review* scheme by the Children and Supporting Families Department, namely £250k in 2018/19 and subsequent years (£120k 2019/20, £318k 2020/21) as the scheme has been the subject of a review by revisiting the projections for the original 'End to End' model as it appears that financial savings from the scheme have been too ambitious in light of the recent change in the current climate in the field of children. A Children's Budget Taskforce has been commissioned which addresses the financial matters of the Department, including this field, but it has not convened since the beginning of the Covid19 crisis due to other priorities during the crisis period.
- 2.5 There are risks associated with delivering the rest of the savings of the *Review the current structures and locations of the Housing Department* scheme, worth £89k, namely the scheme that has been inherited by the Housing and Property Department. An alternative scheme worth £82k is being proposed to replace part of the historical scheme, which is detailed in Appendix 5 and a further alternative scheme will be required to deliver the remaining £7k of savings.

## 3. DEPARTMENTAL SCHEMES 2019/20

- 3.1 **Appendix 2** summarises the situation in terms of realising the savings schemes for 2019/20. Of the 122 schemes that have been profiled for the year, 102, **worth nearly £4m or 76% have been realised**. 19 schemes are either slipping or have some risks with regard to being realised, and there are two schemes which are yet to receive approval by the Cabinet.
- 3.2 The Environment Department anticipates some risks to achieving the savings for the *Increasing the number of pay and display car parks and increasing parking fees* scheme worth £38k in 2019/20. A Task Group has been set up with a view to reporting to the Communities Scrutiny Committee in April 2020. This has not been possible due to the Covid19 situation. An application has been submitted to the Welsh Government to compensate the income.

3.3 The Adults, Health and Well-being Department has a value of £799k in schemes that are slipping with some risks in achieving the savings. There was a delay with three schemes, a total value of £80k, but they are now progressing. The Department anticipates some risks to achieving the savings for two further schemes namely *Integrating and transforming Older People Services* (£510k) and *Extending the principles of the Alltwen Pilot Scheme across the service* (£134k).

Substantial risks are anticipated with delivering the savings of the *Improve efficiency of Field Workers* scheme (£75k), a decision has been made to retain the staff in order to realise further savings.

3.4 As reported above in 2.4, there are substantial risks to achieve the value of £120k in the *End to End Review* scheme by the Children and Supporting Families Department.

3.4 There are risks associated with delivering the savings of two schemes by the Highways and Municipal Department namely *Recycling Centres: charging a fee on traders* (£20k) and the *Charging a fee for the disposal of DIY materials* scheme (£100k). The Department is proposing an alternative scheme to replace the historical schemes (Section 6 of the Report and **Appendix 5**).

3.5 In general, the progress that has been made to realise the 2019/20 savings schemes is acceptable, but signs of difficulties in delivering have now been highlighted. As we are seeking to minimise the impact on Gwynedd residents by achieving efficiency savings, it is much more difficult than undertaking service cuts.

#### **4. DEPARTMENTAL SCHEMES 2020/21**

4.1 **Appendix 3** summarises the situation in terms of realising the savings schemes for 2020/21. The savings target total is £3,903,500 with worth £632k (16%) of schemes already been realised and a further £1.3m (34%) are on track to be delivered on time by the end of the financial year.

4.2 Obviously, departments have focused on responding to the crisis during the period since April 2020.

4.3 There is a slippage in the *Increasing the number of pay and display car parks and increasing parking fees* scheme by the Environment Department which is £97k in 2020/21, with a target of £38k in 2019/20 (section 3.2). Additionally, there are six schemes with a total value of £72k with some delivery risks.

4.4 Risks are anticipated to achieve the value of £50k of savings in two schemes of the Economy and Community Department. The *Neuadd Dwyfor* scheme was reported upon at the Cabinet meeting on 10 March 2020 to approve the re-profiling of the savings.

4.5 Risks are anticipated to achieve the value of £851k in four savings schemes of the Adults, Health and Well-being Department, the value of £396k in 14 schemes of the Highways and Municipal Department and two schemes worth £48k by Gwynedd Consultancy.

4.6 As already reported in section 2.4, there are problems in realising £318k of the End to End Scheme by the Children and Families Department.

4.7 As we have already anticipated a problem with achieving savings, a corporate provision was provided for the purpose in the 2020/21 budget, with £1.6 million available to mitigate the situation.

## 5. DEPARTMENTAL SCHEMES 2021/22 ONWARDS

5.1 2021/22 onwards savings are listed, per Department in **Appendix 4**, but it is currently premature to report on the status of these schemes.

## 6. REPLACING HISTORIC SCHEMES WITH ALTERNATIVE PLANS

6.1 The Highways and Municipal Department and the Housing and Property Department have historical and previously approved schemes, where they now acknowledge that it is impossible for them to be achieved. See details regarding the historical schemes, along with the alternative schemes proposed in order to replace the historical schemes in **Appendix 5**.

## 7. CONCLUSION

7.1 Although some departments have realised all of their savings schemes, it is inevitable that realising over £30m in savings (out of a total of £36m) since April 2015 has been challenging and I am grateful to all of the departments and Cabinet Members for ensuring this success.

7.2 The table below summarizes the value of the schemes with risks to achieve, worth almost £3.4 million in total, which proves that the problem of realising savings is becoming more apparent. As noted in part 4.7 above, a provision of £1.6 million is available to alleviate the situation.

**Table 1: Schemes that have some risks to deliver on an annual basis**

	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£
Schemes that have some risks to deliver	191,000	250,280	1,205,070	1,928,040	3,594,390
Less: Alternative Schemes:					
Housing & Property Dept.	(89,000)				(89,000)
Highways & Municipal Dept.			(30,000)	(90,000)	(120,000)
	<b>102,000</b>	<b>250,280</b>	<b>1,175,070</b>	<b>1,838,040</b>	<b>3,385,390</b>

- 7.3 With other priorities to protect the health and lives of the people of Gwynedd having had to be addressed during the crisis period and therefore the absence of normal challenging of performance and savings arrangements over the period, the Chief Executive and Head of Finance will arrange to meet each Cabinet Member with their Heads of Department to discuss how they can resume the process of achieving the proposed savings, so that the Council can move forward with the savings program despite the crisis.
- 7.4 Therefore, I ask the Cabinet to note the attainment outlined in this report towards realising the savings schemes. In addition, I ask the Cabinet to approve the recommended alternative schemes by the Highways and Municipal Department and the Housing and Property Department to replace the historic schemes that they had, which were impossible to achieve. To note that the impact of Covid19 has contributed to slippage in the savings program and support the intention of the Chief Executive and Head of Finance to arrange to meet all Cabinet Members with their Heads of Department, to discuss how the process of achieving the proposed savings can be resumed, so that the Council can move forward with a proportion of the savings program despite the crisis.

#### **Local Member's Views**

Not relevant

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#### **Views of the Statutory Officers**

##### **The Monitoring Officer:**

No observations 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.

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#### **Appendices:**

- Appendix 1 - Overview of 2015/16 - 2018/19 Savings Schemes per Department
- Appendix 2 - Overview of 2019/20 Savings Schemes per Department
- Appendix 3 - Overview of 2020/21 Savings Schemes per Department
- Appendix 4 - Overview of 2021/22 Onwards Savings Schemes per Department
- Appendix 5 - List of Alternative Schemes