

GWYNEDD COUNCIL CABINET



Date of meeting	26 January 2021
Cabinet Member	Councillor Ioan Thomas, Cabinet Member - Finance
Contact Officer	Dafydd L Edwards, Head of Finance
Title of Item	THE SAVINGS POSITION

Decision sought

- i. To accept the conclusions of the Chief Executive on the individual schemes as noted in Appendix 1 and 2;
- ii. In accordance with what is noted in Appendix 1, to move the delivery profile for schemes valued at £1,012,750 to 2022/23 and to recognise that the situation has now changed so much that it is not possible to deliver savings schemes valued at £848,040 and to eliminate them from the budget.
- iii. To use the £1.6m provision set aside in the 2020/21 budget in order to do so, and to achieve the residual gap with the first use of savings planned for 2021/22.
- iv. When preparing the 2021/22 budget, to agree that the delivery profile for schemes valued at £511,250 should be moved to 2022/23 and to recognise that the situation has now changed so much that it is not possible to deliver savings schemes valued at £595,450 and that £705,930 in savings should be used for the budget as noted in Appendix 2.

Background

1. At its meeting on 13 October 2020, the Cabinet considered my report which noted the composite position in delivering the savings we had expected departments to achieve up to, and including, the 2020/21 financial year.
2. While a total value of over £32m of savings schemes have been realised between 2015/16 and 2020/21, we reported that there was a risk associated with schemes valued at £3.4m, and in light of the priority given to dealing with the Covid crisis, there was a real risk of us failing to close this gap in a short period and for it to become problematic.

3. Therefore, it was reported that the Chief Executive and Head of Finance Department intended to meet each Cabinet Member with their Head of Department, to discuss how it would be possible to resume the procedure of delivering the proposed savings.
4. Those meetings were held and this report notes the subsequent findings and recommendations.

Savings that already form part of the budget

5. In Appendix 1, those savings that are part of budgets up to, and including, 2020/21 are noted, along with the conclusions of the Chief Executive on what was highlighted in the discussions.
6. With many of the proposed savings, the requirement to address the threats from Covid has obviously affected the ability of departments to pay attention to some of the proposals, or has affected the opportunity to do so.
7. However, this is a matter of timing and as we are able to give time to address them, it is noted in the Chief Executive's assessment that it is not unreasonable for savings schemes valued at £1,735,960 to be delivered by or during 2021/22.
8. However, some proposals will need considerably more time to realise (a value of £1,012,750) and, therefore, **it is recommended** that these schemes are re-profiled to 2022/23 or beyond. This will give the departments responsible the opportunity to realise them, and avoid creating a financial problem for the Council when setting the 2021/22 budget. There is also a question mark regarding how much financial product will derive from some of these schemes, and this time will also give us an opportunity to consider this.
9. There are other schemes where the Chief Executive has been convinced that the situation has now changed so much that there is real doubt whether or not the savings (a value of £848,040) can be realised and, therefore, **it is recommended** that we remove these savings schemes from the budget. The Chief Executive can explain the logic behind his conclusions verbally in the meeting.
10. When preparing the 2020/21 budget in February / March 2020, we were aware of the likelihood of failure to deliver some savings schemes, and £1.6m was provided in recognition of this.
11. What is recommended in 8 and 9 above would have an impact of £1.86m on the budget, and when using the £1.6m provision there would be a need to provide for

the extra £0.26m now, when preparing the 2021/22 budget. In doing so, we would bring the budget closer to the reality of the Council's position.

Anticipated savings in 2021/22

12. When undertaking the work, the Chief Executive and the Head of Finance Department also examined the savings that we had planned for 2021/22. A list of these schemes is provided in Appendix 2.
13. Of the £1,922,630 already planned for delivery in 2021/22, it is considered that there are schemes valued at £511,250 which will take considerably longer to deliver and schemes valued at £595,450 where the situation has now changed so much that there is a real doubt whether or not the savings could be realised.
14. However, as already reported to the Cabinet on 13 October 2020, the Housing and Property Department were able to deliver energy savings, and there are £150,790 remaining. Therefore, together, **it is recommended** that the Cabinet approves the actions noted in paragraph 13 above, and accepts that a total of £705,930 in net savings will be available to support the 2021/22 budget.

Views of Statutory Officers

Monitoring Officer

Inevitably, as circumstances and needs change, it has to be ensured that the practical implementation or impact on services of savings is reviewed. The report sets forward a practical review of the position in relation to savings plans.

Head of Finance

I have collaborated with the Cabinet Member for Finance and the Chief Executive in the preparation of this report and I confirm the content.