

REPORT TO THE CABINET

22 November 2016

Cabinet Member: Councillor Peredur Jenkins, Cabinet Member - Resources

Subject: The Revenue Budget 2016/17 -
Second Quarter Review (September 2016)

Contact Officer: Dafydd L Edwards, Head of Finance

1. The decision sought / Purpose of the report

The Cabinet is asked to:

- Receive the report on the second quarter review of the Revenue Budget (position as at 30 September 2016), and consider the latest financial situation regarding the budgets of each department / service, asking the Cabinet Members and relevant heads of department to take appropriate steps regarding the matters under their leadership/management.
- Transfer (£135k) from a corporate budget to the Adults, Health and Wellbeing Department to finance the additional costs resulting from the change in charging for the first six weeks of residential and nursing care.
- Allow the Regulatory Department to use (£200k) of their underspend to finance specific plans to improve the condition of car parks.
- Transfer (£300k) from the Regulatory Department to the Corporate Redundancy Fund to assist with the changes facing us as a Council.
- Harvest (£300k) from the favourable Council Tax collections, and (£290k) from the Benefits underspend, together with (£200k) of the underspend included within 'Other', and transfer as follows:
 - use (£20k) of the underspend as a financial contribution to the independent Harlech Swimming Pool as a one-off bridging payment for the period to 31 March 2017, in accordance with the Cabinet decision on 4 October 2016.
 - use (£135k) to finance the financial obligations of the change in the Care Act 2014 by the Adult, Health and Wellbeing Department.
 - the remainder (£635k) to be set aside in the Transformation Fund.

2. Introduction / Background

It is the Cabinet's responsibility to take action, as necessary, in order to secure appropriate management over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

The first quarter budget review report was submitted to the Cabinet on 12 July 2016. This report submitted today is much more detailed.

This quarterly report presents the latest review of the Council's revenue budget for 2016/17, and a summary of the position by each Department is outlined in **Appendix 1**.

In **Appendix 2**, further details are given relating to the main issues and the budget headings where significant variances are forecasted, along with specific recommendations where appropriate.

2.1 Adults, Health and Wellbeing Department

The trend of overspending seen in 2015/16 by the Department continues, but a combination of underspends in some areas and overspends in others is evident. This year has seen specific changes regarding charging for the first six weeks of residential and nursing care emanating from the 2014 Care Act. It came into force on 1 April 2016, but was introduced too late to be reflected in the 2016/17 budget. Consequently, a shortfall was seen in the related income received by the Council. As the consequences of the change are an unavoidable additional burden on the Department, it will be subject to a bid for 2017/18. It is recommended that £135k is transferred to the Department to finance the additional costs this year.

2.2 Education Department

There was additional pressure on the Redundancy and Early Retirement in schools, and Additional Learning Needs headings, but the early achievement of 2017/18 savings schemes is assisting with the position this year. It is once again recommended that a reserve is used to mitigate the overspend relating to Redundancy and Early Retirement, in an effort to keep the position under control.

2.3 Regulatory Department

The favourable income situation and the early realisation of savings by the Regulatory Department this year have enabled the Department to finance some specific schemes to improve the Council's assets. By allowing this, it also enables the transfer of part of the underspend to the Corporate Redundancy Reserve.

2.4 Corporate

It is recommended that the underspends from the Council Tax base, Benefits and other Corporate heading are transferred to the Transformation Fund in order to assist with the changes ahead to fulfil the Council's priorities.

2.5 General

A combination of definite implementation steps and use of specific reserve resources is recommended, to ensure that resources are available for the Council's priorities. Thereafter, the net picture across the Council, for the time being, and in general, reflects acceptable financial control.

Next steps and timetable

Act on the recommendations submitted and present a follow-up report to the Cabinet on 14 February 2017 on the third quarter review.

Local member's views

Not relevant

Opinion of the Statutory Officers

Chief Executive:

The report highlights some cases where we are facing unexpected results in terms of the profile of revenue expenditure during the year. This is inevitable to some extent, but the report reveals that we are aware of these issues and are planning reasonably in response to them.

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 Departments' net budget position.

Appendix 2 – Details of budgets and significant variances.