

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM32531
Eich Cyf / Your ref: T: Scrutiny/CYP/MJH



Dyddiad / Date: 05 November 2015

Councillor Richard Cook
Chair, Children & Young People Scrutiny Committee
Scrutiny Services
Room 263
County Hall
Cardiff
CF10 4UW

Annwyl / Dear Councillor Cook

Children & Young People Scrutiny Committee – Budget Monitoring Panel

I refer to your letter dated 21 October 2015. I am sure the work undertaken by the panel will be of assistance to the Committee in identifying and reviewing any issues arising from the budget monitoring process during the year and I look forward to seeing how this progresses. With regard to the specific issues raised, I would comment as follows.

The budget savings in relation to the Business Support Review (Lean Review) in Children's Services and the Staff Realignment and Restructure in Education were both proposed by the respective directorates as part of the 2015/16 Budget and subsequently approved by Council in February 2015. In both cases the risk analysis identified the level of risk associated with these proposals as red / amber acknowledging that further work was required in order to fully identify and implement the savings. However, at the time that these were approved the directorates anticipated that these savings would be fully achieved.

There is a limit to what can be achieved in relation to the assessment of achievability and where further detailed work and actions are required in order to implement savings then to some extent at least I have to assume that the necessary actions will be taken. Where concerns are identified then these are discussed with the directorates and the risk analysis included at budget time provides an indication that there were some concerns around these proposals. In the current financial climate however and with the scale of the budget savings the Council has to make, it is inevitable that an element of risk will be present in the overall quantum of the proposals and to reflect this a general contingency budget of £4 million was built into the budget. Ideally though this should not be required and it is essential that directorates take the necessary actions to fully implement their saving proposals within the timescales identified. These are closely monitored and reported on during the year with Directors challenged on any shortfalls in their areas.

Due diligence is currently being undertaken in relation to proposals for the 2016/17 Budget and this will be progressed as rigorously as possible however as indicated above, the overall scale of the budget savings the Council has to make on top of the savings found in previous years means that some degree of risk will be inevitable in the increasingly difficult task of preparing a balanced budget for the Council. As ever, our role in Council will be to approve a budget that balances risk with the impact on service users and council tax payers.

With regard to the allocation of the £950,000 contingency budget to Children's Services, the treatment of this sum is in line with previous years and is consistent with the treatment of other specific contingency budgets allocated as part of the Council's Budget. In this case the contingency was set aside to reflect the potential for additional costs to be incurred in supporting looked after children in external residential and fostering placements. At month 4 the projected expenditure was above budget in this area and therefore the drawdown of the contingency sum was put forward for approval. The allocation of the contingency budget was therefore in line with the purpose of the budget as approved by Council in February 2015 and was approved by Cabinet as part of the Month 4 Monitoring Report. If the monitoring position in this area were to improve during the year then an adjustment to the contingency allocation can be made, however at this stage there is no indication that this will be the case.

Yn gwyir,
Yours sincerely,

A handwritten signature in black ink, appearing to read 'G J Hinchey'.

Councillor / Y Cynghorydd Graham Hinchey
Cabinet Member for Corporate Services & Performance
Aelod Cabinet dros Wasanaethau Corfforaethol a Perfformiad