

**CYNGOR SIR POWYS COUNTY COUNCIL**

**County Council  
19<sup>th</sup> October 2016**

**REPORT AUTHOR: County Councillor Wynne Jones, Portfolio Holder for Finance**

**SUBJECT: Question from County Councillor Gwilym Williams**

**With reports in the local paper that the council has over spent by about £5.5million within the first few months of its budget are worrying.**

**Can the portfolio holder for finance give assurances to me and the Council, that he has a grip on the finances of Powys and we will be within budget by the end of this financial year?**

At the Cabinet Meeting on 13<sup>th</sup> September, in delivering my monthly Finance Report, I informed Cabinet that the projected overspend at the 31st March 2017, was currently estimated to be £5.725 million. This should not be interpreted as an overspend in the first few months of the year. It is an estimate of what the position will be at the end of the financial year unless corrective action is taken. In fact it may be worth noting that in the period April to July we achieved savings of £7.89million. This is 63% of the £12.6m savings required for the 2016/17 financial year.

However the concern I expressed to Cabinet was triggered by the fact that the projected year end figure rose between June and July by £297k. We have a policy of only recording savings when they are achieved and therefore should expect to see the projected overspend reduce month by month as we move through the year. My concern was further supported by evidence gained when I attended the Management Team Budget Challenge Day on 28<sup>th</sup> August where one Directorate was projecting an overspend of £5.016m by the end of the current financial year.

We have set a balanced 3 year financial plan and it is imperative that services live within their budget, overspending or failure to deliver savings, places the entire 3 year plan in jeopardy and can lead to a huge impact on service delivery over the lifetime of the plan.

As Portfolio Holder for Finance I am aware that these matters need tackling as early as possible whilst there is still time to recover the situation. Therefore I placed a motion before Cabinet at that meeting on 13<sup>th</sup> September, calling upon the Chief Executive and his Senior Management Team, to bring forward a recovery plan as soon as possible, with the aim of bringing the Council back within budget. The motion received unanimous support of the Cabinet.

Work is underway to construct the recovery plan and I have arranged for Council to be given an update on progress in a short briefing session at the conclusion of today's business.

With regards to your seeking assurance that the budget will not be overspent at the end of the year, I am afraid I cannot give that assurance at this stage, but Council can be assured that everything possible is being done to rectify this difficult situation.